



Daily Report—

China

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NOTICE: An * indicates material not disseminated in electronic form.

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General**U.S.-DPRK Nuclear Talks Continue**

*SK0706020295 Beijing China Radio International
in Korean 1100 GMT 6 Jun 95*

[FBIS Translated Text] The U.S.-DPRK talks on the nuclear issue, which are being held in Kuala Lumpur, the capital city of Malaysia, have entered into their third week. The delegates of the two sides said after two hours of talks yesterday that they still had not achieved a breakthrough.

After the talks, Thomas Hubbard, the delegate of the U.S. side, told reporters that the two sides had held detailed discussions on the light-water reactor issue. He said that although the two sides made some progress in narrowing differences during the two week-long talks, they still have many differences remaining.

The two sides agreed to continue the talks on 6 June.

A spokesman of the DPRK delegation also made similar comments on the result of the talks.

Since the talks began on 19 May in Kuala Lumpur, the two sides have failed to reach any agreement in the light-water reactor issue.

The DPRK delegate said that the DPRK has doubts about the safety of ROK-type reactors and wants the U.S. side to provide U.S.-type reactors.

Discussions With UN Envoy on NGO Site Noted

*OW0606144095 Tokyo KYODO in English
1244 GMT 6 Jun 95*

[FBIS Transcribed Text] Beijing, June 6 KYODO — A special U.N. Envoy ended the first day of discussions Tuesday [6 June] with Chinese officials on a dispute over the site of an international meeting of nongovernmental organizations (NGOs) slated to run in tandem with the upcoming UN women's conference.

UN Undersecretary General Ismat Kittani, who arrived late Monday, visited the relocated Huairou site for the NGO forum on women, which is scheduled to run parallel to the Fourth UN World Conference on Women in Beijing in September.

"Mr. Kittani is basically on a fact-finding visit. He is here to listen, and then he will be reporting back to the UN Secretary General (Butrus Butrus-Ghali) in New York," said Arthur Holcombe, UN resident representative in Beijing.

Kittani also met with Foreign Ministry officials and representatives from the All China Women's Federation and is expected to meet with Foreign Minister Qian

Qichen and other Chinese officials later this week, Holcombe said.

NGO participants planning to attend the conference have voiced strong opposition to Beijing's decision to relocate the NGO forum to Huairou, some 50 kilometers outside the capital, a location which would make discussions between participants of the two meetings difficult.

The forum, which is expected to be attended by more than 35,000 participants, was originally scheduled for the Worker's Stadium Complex in central Beijing, until the adjoining gymnasium developed "structural problems."

The NGOs, consisting of several vocal women advocacy groups and human rights organizations, have stated that the Chinese decision to move the site was more in an effort to silence criticism of the Chinese Government's policies on women, birth control and human rights.

Holcombe refused to comment on such issues.

"They are making a lot progress and have done their best to respond to earlier concerns that were expressed by members of the NGO forum secretariat who were here in April and who had a number of reservations about the site and how it could be improved," he said.

"They have done a lot, but there is more to be done," he said. "It will be up to Mr. Kittani to judge for himself."

Such UN conferences are usually held with a parallel NGO meeting, which offers consultations and suggestions on a wide range of issues.

Use of Asian Development Bank Loans Viewed

*OW0606162495 Beijing XINHUA in English
1608 GMT 6 Jun 95*

[FBIS Transcribed Text] Beijing, June 6 (XINHUA)—China has thus far received 100 million US dollars in loans from the Asian Development Bank (ADB) for use in poor central and western rural areas, as part of a loan program for China in 1995 which could amount to some 1.3 billion US dollars.

The loan matures in 15 years and will be extended mainly to the agricultural sector, said an official with the People's Bank of China (PBC), China's central bank.

It will be used in township enterprises, especially in processing farm products for export in the provinces of Henan, Hebei, Hunan, Hubei, Shanxi, Sichuan, and the Xingjiang Uygur Autonomous Region, according to officials from the Agricultural Bank of China (ABC) which handles the ADB loans.

A considerable part of the total ADB loans will be used for infrastructure and environmental protection projects.

The largest ADB-aided energy construction projects include a 1.2 million-kw thermal power plant in Henan Province and a hydroelectric power plant in Fujian Province. The former will use 200 million US dollars in loans and 100 million US dollars in co-financing loans, while the latter will take up 200 million US dollars.

Construction of two expressways from Beijing to Shanghaiguan in Hebei Province and from Shenyang to Shanghaiguan is expected to get another 350 million US dollars in ADB loans, according to the PBC official.

ADB loan efforts will also focus on the government's poverty-reduction efforts, and will provide 50 million US dollars this year to boost agricultural production in Hainan Province in southern China, the central bank's official noted.

China got its ADB membership in 1986, and over the past eight years, has used 4.1 billion US dollars in loans.

Eighteenth Pacific Science Congress Meets

Lessons Lie in Earthquake

*OW0606143195 Beijing XINHUA in English
1408 GMT 6 Jun 95*

[FBIS Transcribed Text] Beijing, June 6 (XINHUA) — Japanese meteorologist Tsuneo Katayama called on all countries and regions around the Pacific rim to take a good lesson from the great Hanshin earthquake that occurred earlier this year.

Director and professor at the International Center for Disaster-Mitigation Engineering of Tokyo University, Katayama said in a lecture during the 18th Pacific Science Congress being held in Beijing, that people should not forget the earthquake that killed 5,500 people on January 17 this year.

"The greatest lesson we have learned from this earthquake is that we realize there still is a possibility for such a devastating earthquake to happen in our country", Katayama commented during his lecture.

"I would like to emphasize that, behind the Kobe tragedy lies the over-confidence of engineers, researchers, municipal and national officials, and laymen," he explained.

The scholar expressed concern over the possibility that, when the economy gets better, some things get worse. "We forgot humbleness, which was once considered the virtue of our people," he said.

According to Katayama, the structure of the lifeline will collapse during an earthquake, which was the first lesson to be learned from the Hanshin Earthquake.

"Cities in earthquake-prone areas should be prepared for such disasters", he said, adding that even milder ground tremors can cause the lifeline to collapse.

Katayama also noted that old, weak, and inferior structures are a major cause of casualties. "Some of them do not seem particularly bad during ordinary times, but, when they are subjected to strong tremors, hidden flaws become visible," he said.

Weather Cooperation Sought

*OW0606162295 Beijing XINHUA in English
1558 GMT 6 Jun 95*

[FBIS Transcribed Text] Beijing, June 6 (XINHUA) — American environmentalist Kenneth Mooney called on all countries and regions around the Pacific Ocean to cooperate in predicting climate changes in order to reduce the casualty caused by disasters.

According to Mooney, who delivered a lecture at the 18th Pacific Science Congress (PSC), the U.S. National Oceanic and Atmospheric Administration proposed a plan to establish a Seasonal-to-Interannual Climate Prediction Program (SCPP).

SCPP is designed to provide reliable forecasts and analyses of climatic variations on a seasonal and annual basis, and to develop infrastructure by which this information can be used to benefit all countries of the world.

In his lecture, Mooney said that the tropical Pacific Ocean controls the climate of countries and regions around the ocean as well the climate of the whole world.

In recent years, in some part of the world, some extremely warm, dry, or wet weather has appeared, causing severe flooding or droughts. According to Mooney, the reason for the unusual climatic changes is sea surface temperature changes of the Pacific Ocean.

He noted that an observation system of sea temperature changes has been formed around the Pacific Ocean, in the U.S., Japan, the Republic of Korea, New Zealand, and Australia. By analyzing data collected at different posts, scientists have made a joint effort at forecasting climate changes.

SCPP is trying to assemble participants from around the world to achieve something no single country could accomplish on its own: the creation of a global climate forecasting system with the capacity to employ regional analyses to refine forecasting and apply them for the benefit of human beings.

Dr. Mooney said that China, Japan, and the Republic of Korea will be the major members of the network, and

co-operation is being done with China's National Meteorological Bureau and National Oceanography Bureau.

United States & Canada

Further on Li Teng-hui's U.S. Visit

'Grave Consequences' Warned

OW0606113795 Tokyo KYODO in English
1114 GMT 6 Jun 95

[FBIS Transcribed Text] Beijing, June 6 KYODO — China on Tuesday [6 June] continued to warn the United States of grave consequences if the New York visit by Taiwan President Li Teng-hui takes place according to schedule later this week.

"The U.S. invitation to Li Teng-hui to visit has already damaged the basis of Sino-U.S. relations. No matter if Li Teng-hui's visit is private or otherwise, his visit will objectively create two Chinas, or one China, one Taiwan," Foreign Ministry spokesman Shen Guofang said.

Since last month's announcement by the U.S. State Department that Li would be permitted to attend a ceremony at his alma mater, Cornell University, the Chinese Government has adamantly insisted that the visit will violate the U.S. commitment to recognize Beijing as the sole legitimate government of all of China, including Taiwan.

Shen called the damage to relations "grave," but refused to specify what forms of retaliation China would be taking following the visit, except to say, "When the basis of developing bilateral ties is damaged, the damage will affect many areas of the relations."

"The U.S. side should be more than clear as to the Chinese avowed position. We will make further reactions according to the development of the matter," he said.

In a change of tone, Shen called for a "strategic vision" between the two countries, with the goal of preserving world peace and stability and handling international issues.

"With a strategic vision, the Chinese and U.S. leaders would be able to handle the relations between the two countries very well. As far as the Chinese side is concerned, it hopes to preserve and develop a healthy relationship with the U.S."

Spokesman Criticizes U.S.

OW0706104695 Beijing China Radio International in English
to Western North America 0400 GMT 7 Jun 95

[From the "World News" program]

[FBIS Transcribed Text] China has again criticized the U.S. decision to allow Taiwan leader Li Teng-hui to visit the United States. Chinese Foreign Ministry Spokesman Shen Guofang told a press conference 6 June that China will take further action, but he declined to say what that might be.

Further on Visit

HK0706063295 Hong Kong TA KUNG PAO in Chinese 3 Jun 95 p a2

[Editorial: "Do Not Underestimate China's Will To Safeguard Its Sovereignty"]

[FBIS Translated Text] At a news conference on 1 June, the Chinese Ministry of Foreign Affairs spokesman reiterated the hope that the U.S. Government would return to the principle of the three Sino-U.S. Joint Communiques and revoke the plan for Li Teng-hui's visit to the United States, and emphatically indicated that should the U.S. side erroneously assess the situation and insist on going its own way, it would seriously harm [yan zhong sun hai 0917 6850 2275 1364] bilateral relations. The U.S. side must bear full responsibility for all consequences arising therefrom.

Everyone can clearly see that in allowing Li Teng-hui to visit the United States, no matter what pretext, what type of visa is granted, and in what realm his activities are allowed, the Clinton administration cannot conceal the grave nature [yan zhong xing zhi 1840 6347] of this violation of the basic principle of the three Sino-U.S. Joint Communiques, by creating "two Chinas," and "one China, one Taiwan," thus injuring China's sovereignty and damaging [po huai 4275 0975] the great cause of the peaceful reunification of China. Jiang Zemin said to President Clinton, "The Taiwan issue has a bearing on China's sovereignty and territorial integrity as well as the great cause of the reunification of the Chinese nation. This is an important issue of principle to the Chinese Government and the Chinese people. Any slight turbulence on this issue will directly affect the feelings of the 1.2 billion Chinese people." That statement was made only six months ago. On the Taiwan issue, the situation now is not just some "slight turbulence," but a great disturbance set off by Clinton [bei ke lin dun xian qi le xuan ran da bo 5926 0344 2651 7319 2216 6386 0055 6513 3544 1129 3134] that has not only affected, but has hurt the feelings of the Chinese people while

endangering the interests of the Chinese and American peoples. Such being the case, it is a matter of course that the Chinese Government has reacted strongly to it.

Winston Lord, U.S. assistant to the Secretary of State, said that China had been overreacting on the issue of allowing Li Teng-hui to visit the United States, and hoped that relevant retaliatory measures would end as quickly as possible. What does he mean by that? Could it be "overreacting" for the Chinese Government to take several measures such as issuing a strong protest against the disgusting conduct [e lie xing jing 1921 0503 5887 1777] of the U.S. side, announcing the cancellation, suspension, and postponement of visits by several related officials to the United States? Does it mean that the U.S. side expects the Chinese Government to stifle its indignation and meekly accept humiliation?

We should like to advise the U.S. Government not to miscalculate, not to underestimate the will of the Chinese Government to safeguard its national sovereignty and dignity, and not to underestimate the ability of the Chinese Government to face whatever challenges. China today is no longer the old China that was weak, could be bullied, and allowed itself to be trampled upon, but is a "dragon" that stands firm in the East. Should the U.S. side turn a deaf ear to the advice, but stubbornly insist on its erroneous decision on allowing Li Teng-hui to visit the United States, the Chinese side will react further, depending on developments.

We can calculate that the Clinton Administration will only get some applause from some U.S. congressmen, and earn a few votes in the future if it really makes good Li Teng-hui's visit to the United States, but the cost will be extremely heavy.

One cost will be the United States losing its good faith in the world. On such an important issue as how to regard the basic principle of the three Sino-U.S. Joint Communiques and safeguard the criteria for international relationships, if the United States should go back on its word, does it retain any good faith in international affairs to speak of? A government that does not attach importance to good faith is unreliable, and a government with a dim future at that. Facts from now on will give evidence to that point.

Another cost is that it will seriously harm [yan zhong sun hai] Sino-U.S. relations. Each country has its own characteristics and advantages. If bilateral relations develop, the two countries will help and supplement each other, while benefiting the peoples of the two countries; but if a reversal should take place in the improved bilateral relations, the peoples of the two countries would be endangered. The U.S. Government should not believe that it is China that seeks help from

the United States, and that without U.S. cooperation, Chinese economic development would come to a halt. In actual fact, China is the largest developing country with the greatest vigor in the world, boasting an investment and consumer market with the greatest potential; the development of the United States has more need for China. Should the United States lose the vast Chinese market, it would suffer great and irredeemable losses. Could the U.S. Government bear such consequences for the American people? China will open up to all countries that are willing to cooperate; important political figures and investors from such West European countries as Germany and France and from Japan, Russia, and Southeast Asian countries and regions are vying with each other to come to China; China boasts plural markets with very bright prospects for development in foreign economic relations and trade. No pressure placed on China in whatever form by whichever country can block China from making progress, and such country will only block its own way in the end.

Peace, stability, development, and cooperation are the cry of the world people and the current of the times. This precisely calls for friendly coexistence between all countries but not bullying and confrontation, and respect for each other but not forced intervention. The Clinton Administration's allowing Li Teng-hui to visit the United States is conduct that goes against the current, characterized by bullying, confrontation, and forced intervention, and it is unpopular with the people of the world.

Any wise government will go along with the current of the times, respect the people's will, and actively create a peaceful and stable international and social environment in which its country can prosper and become strong and its people can live and work in peace and contentment; by no means will it follow in the footsteps of the United States to create trouble, magnify confrontation, disturb [rao luan 2371 0052] international relations, and damage [po huai] world peace. The Australian Minister of Foreign Affairs publicly stated that even if Li Teng-hui was allowed a visit in a personal capacity it would still have a political nature; in this matter as such, Australia would not follow in the footsteps of the United States. We believe that this is the stance of the overwhelming majority of countries.

Northeast Asia

PRC Government Delegation To Visit DPRK

Xu Qing Leads Group

SK0606134895 Seoul KBS-1 Radio Network
in Korean 1308 GMT 6 Jun 95

[FBIS Translated Text] The PRC Government stated: The party delegation led by Xu Qing, deputy secretary of the party's Central Discipline Inspection Commission, and the government delegation led by Vice Foreign Minister Tang Jiaxuan, will respectively visit North Korea beginning 7 June.

In today's regular news conference with domestic and foreign reporters, Shen Guofang, spokesman for the PRC Ministry of Foreign Affairs, stated their purpose in visiting North Korea is to strengthen the friendship and cooperation between the two countries in a routine manner.

Asked if the PRC has plans to expand food aid to settle North Korea's food problems, Shen answered this issue would be settled through normal diplomacy and economic relations.

This indicates that the PRC Government has indirectly recognized North Korea's food shortage, but has no plans to provide aid to North Korea to settle North Korea's food crisis unlike in the past.

Delegation Leaves for DPRK

OW0706023995 Beijing XINHUA in English
0135 GMT 7 Jun 95

[FBIS Transcribed Text] Beijing, June 7 (XINHUA) — A delegation of Party workers of the Communist Party of China (CPC) left here today for a visit to the Democratic People's Republic of Korea (DPRK), at the invitation of the Central Committee of the Workers' Party of Korea.

The delegation was headed by Xu Qing, deputy secretary of the Central Commission for Discipline Inspection of the CPC.

Spokesman Comments on Japan's No-War Resolution

OW0606125695 Beijing China Radio International
in Mandarin to Asia 0900 GMT 6 Jun 95

[From the "News" program]

[FBIS Translated Excerpt] [Passage omitted on spokesman Shen Guofang's comments urging the U.S. to end its annual MFN review] At a press conference on 6 June, Shen Guofang also commented on the

Japanese Diet's readiness to adopt a no-war resolution. He said: The war of aggression that Japan launched against many Asian nations brought untold suffering to the peoples of all these countries. This is an undeniable historical fact. The Japanese Government should take a very serious approach to this matter. How Japan understands and approaches this history is of concern to the people of all Asian nations, including China. We hope the Japanese side will take advantage of the 50th anniversary of the end of World War II to draw serious historical lessons and continue to take the road of peaceful development.

Activities To Mark Victory of Anti-Japanese War

OW0706031295 Beijing XINHUA in English
0242 GMT 7 Jun 95

[FBIS Transcribed Text] Beijing, June 7 (XINHUA) — The Chinese capital will hold a series of activities to celebrate the 50th anniversary of the victory of China's eight-year war against Japanese aggression (1937-1945), an important part of the World Anti-Fascist War.

According to the organizing committee today, the activities will include seminars, symposiums, performances, exhibitions and a film week, reviewing the war that brought about so great pains and casualties to the Chinese people.

In July and August over 20 events will be held in Beijing, including a foundation-laying ceremony for the group carvings in front of the square of the Memorial Hall for the War of Resistance Against Japanese Aggression, where the "Lugou Bridge Incident" broke out on July 7, 1937 and the war started.

A large symposium will also be organized in the memorial hall with some overseas patriotic Chinese participating.

In August a film named after the "July 7 Incident of 1937" will make its debut in local cinemas, and a 28-volume "Collection of Accounts of the War of Resistance Against Japanese Aggression" will be introduced in the Great Hall of the People here.

War veterans and their families will attend the seminars, a TV party and an exhibition, while some 10,000 local university students will take part in a grand choral performance. A film week on the war and World War II will open at the same time.

As part of the activities, an exhibition displaying over 170 photos, 60 pieces of historical relics, documents, articles and videotapes, opened here Monday, illustrating how local people devoted themselves to the war.

"We should review history and conduct education in patriotism and the revolutionary tradition among the people, especially the youth," said He Luli, deputy mayor of Beijing, at the opening ceremony of the exhibition.

West Europe

Qian Qichen Meets Finnish State Secretary
OW0606120995 Beijing XINHUA in English
1124 GMT 6 Jun 95

[FBIS Transcribed Text] Beijing, June 6 (XINHUA) — Vice-Premier and Foreign Minister Qian Qichen has today hoped for new progress in Sino-Finland cooperation which has been going on smoothly in political, economic and scientific and technological fields.

Qian made the remarks at a meeting with Voli Sundbeck, Secretary of State for Foreign Affairs of Finland.

China and Finland have had good and traditional cooperative relations, Qian said, noting that the frequent contacts between leaders of the two countries would be of great role in helping promote the bilateral relations.

Sundbeck described the bilateral relations in the past 45 years as smooth and stable. Finland would remain to attach importance to developing its relations with China despite the fact that Finland joined the European Union earlier this year.

Qian and Sundbeck also exchanged views on major international issues.

The State Secretary arrived here Monday [5 June] at the invitation of Chinese Foreign Ministry for political consultations. Sundbeck already had talks with Chinese Vice-Foreign Minister Jiang Enzhu and met with Shi Guangsheng, Vice-Minister of Foreign Trade and Economic Cooperation.

Italian Airline To Begin Flights to Beijing

OW0606142095 Beijing XINHUA in English
1342 GMT 6 Jun 95

[FBIS Transcribed Text] Beijing, June 6 (XINHUA) — Alitalia, the largest airline in Italy, will begin non-stop service from Beijing to Milan with continuing service to Rome on July 3, representatives of the company announced today.

Alessandro Liverani, general manager for Alitalia in the PRC, told a press conference here that the airline will help promote Sino-Italian trade and co-operation, which have seen remarkable growth over the past few years.

"Moreover, we are extremely encouraged by the economic indicators and growth in demand for travel, both into and out of China," he said, "We intend to increase our activities here, in line with aviation traffic increases which we expect to be significant over the long term."

Alberto Bradanini, economic and commercial counsellor of the Italian Embassy to China, noted that Italy has turned into the second largest European trade partner with China, the bilateral trade volume of which reached five billion U.S. dollars in 1994.

So far Italy's investment in China has surpassed one billion U.S. dollars, he said, adding that the Beijing-Milan-Rome air route will bring about more business opportunities and deepen the understanding between the two peoples who boast quite a long history of friendship.

"The Italian Government views Alitalia's launch in China as an important step forward towards continued growth and development between our two countries," the counsellor said.

The new air service has two weekly flights on MD-11s.

Political & Social

Daughter Says Deng Xiaoping's Life 'Normal'

*HK0706073695 Hong Kong LIEN HO PAO
in Chinese 6 Jun 95 p 1*

[Report from Beijing: "Deng Nan Says Her Father Takes a Walk Every Day, Will Certainly Be Able To Visit Hong Kong in 1997"]

[FBIS Translated Text] Deng Xiaoping's second daughter Deng Nan said her father's daily life is all normal [qi ju sheng huo yi qie zheng chang 6386 1446 3932 3172 0001 0434 2973 1603]. He takes a walk every day and only sits on a wheelchair occasionally. Judging from his present health condition, he will certainly be able to visit Hong Kong in 1997.

After attending the 18th Pacific Scientific Conference yesterday, she reaffirmed that Deng Xiaoping's daily life at home is normal. He often takes a walk after supper and does not need a wheelchair if he walks a short distance.

But Deng Nan conceded that Deng Xiaoping has to go to the hospital to have medical check-ups many times a year. In her view, this is a basic health support activity for old people. It is also inevitable that he should suffer from minor ailments such as cold at ordinary times. Deng Xiaoping's organs are all fine [liang hao 5328 1170]. Nevertheless, as he is advanced in years, he does not move as nimbly as young people, she added.

Deng Nan said: Deng Xiaoping is still very much concerned about [fei chang guan xin 7236 1603 7070 1800] Hong Kong. Judging from his present health conditions, he will certainly be able to visit Hong Kong after 1997.

As for Zhuo Lin's health, Deng Nan said: My mother was hospitalized some time ago but has completely recovered and returned home.

She added: Deng Xiaoping pays attention to the news every day because he must know all major events happening in China and in other parts of the world.

She also said: Deng Xiaoping, who as far back as in 1987 put forward the theory of science and technology being a productive force, is also very much concerned about the National Conference on Science and Technology that just concluded. He hopes that China's science and technology can develop further.

Deng Nan spoke at the international scientific conference in her capacity as the vice minister of the State Science and Technology Commission. She talked about the direction of China's scientific and technological development in the next century, saying that an important

task at the moment is to solve China's grain problem through science and technology.

Beijing Source Says Deng's Health Improving

*HK0706073895 Hong Kong LIEN HO PAO
in Chinese 6 Jun 95 p 1*

[Report from Hong Kong by reporter An Ping (1344 1627): "Deng Xiaoping's Health Improves, His Heart and Blood Pressure Are Stable"]

[FBIS Translated Text] A Beijing source disclosed that CPC political giant Deng Xiaoping's health has miraculously improved. Ninety-one year old Deng Xiaoping is rosy-cheeked [mian se hong run 7240 5331 4767 3387] and does not seem to have any illness. His daily stroll in his wheelchair has also been extended.

Through months of intensive care, the source said, Deng Xiaoping's heart and blood pressure are tending to be stable. He chats and jokes with his family every day after lunch. Deng strolls in his wheelchair and breathes the fresh air of nature. He believes that this is the best option for his recuperation, which is better than taking medicine.

Reportedly, CPC General Secretary Jiang Zemin calls on Deng Xiaoping or asks about his health every week. However, Jiang's visit must be confirmed by Wang Ruilin, director of the Deng Xiaoping Office, because Wang, who followed Deng over the years, knows best about his health. The situation is the same as Zhang Yufeng, who accompanied seriously-ill Mao Zedong during his late years. Wang Ruilin is also deputy head of Deng Xiaoping's medical team.

It is said that Deng made no comment on the sixth anniversary of the 4 June incident. However, there were more plainclothesmen at the Deng residence during the 4 June period. It has been reported that Deng Xiaoping insisted on "not mentioning the 4 June incident." He also urged the party not to argue over the 4 June incident.

The top CPC levels follow Deng Xiaoping's health with great attention. Wang Ruilin, who is responsible for Deng's livelihood, gives General Secretary Jiang Zemin an account of Deng's health at irregular intervals. The top levels believe that Deng Xiaoping's health is a key factor that has a direct bearing on inner party unity and stability.

The working personnel of the medical team believe that the miraculous improvement in Deng Xiaoping's health is indeed rare for a 90-plus-year-old man.

Zhu Rongji Urges Following Democratic Centralism

*OW0606152995 Beijing XINHUA in English
1505 GMT 6 Jun 95*

[FBIS Transcribed Text] Beijing, June 6 (XINHUA) — Building the Communist Party of China (CPC) must center on economic construction and be linked to the Party's basic line and strengthening the Party by promoting economic development.

These remarks were made Monday [5 June] by Zhu Rongji, member of the Standing Committee of the Political Bureau of the CPC Central Committee and vice premier of the State Council, who was speaking at a lecture to ministerial officials.

He urged Chinese officials, particularly high-ranking ones, to adopt an overall point of view and seriously follow the Party's democratic centralism so as to ensure the smooth implementation of principles of the Party Central Committee.

He said that China has summed up the experience of the last 16 years, the first point of which is the balance between relatively fast rate of speed and sustained and healthy development, after China shifted its focus to economic construction.

Second, China has developed a clear understanding of how agriculture is the foundation while science and education are the key to economic construction.

Third, state-owned enterprises are the backbone of the national economy which needs further reforms to invigorate these enterprises, the vice premier said.

Turning to China's economic situation, he explained that China's economy is doing well now, but inflationary pressures still remain, and China is expected to see another good harvest this year, but agriculture leaves much to be desired. Finally, China has made progress in the reform of state-owned enterprises but the task is still a difficult one.

We cannot do without macro-economic controls in establishing a socialist market economy, he said, but, increasing controls means centralism in some sense and the authority of the central government must be safeguarded.

The vice premier also touched on the topic of China's current anti-corruption campaign. After listing some examples of corruption, Zhu said that the Party central committee, with Jiang Zemin as its core, has been firm in this campaign.

"We must remove any obstacles and punish those corrupt officials who have violated the law," the vice premier reiterated.

The lecture, which was co-sponsored by the Organization Department of the CPC Central Committee and other party departments, was attended by 1,100 Party officials above the vice-ministerial level, with Luo Gan, State Councilor and secretary-general of the State Council, chairing the lecture.

Li Ruihuan Addresses CPPCC Standing Committee

*HK0706064495 Beijing CHINA DAILY in English
6 Jun 95 p 1*

[Article by Chen Chunmei: "CPPCC Works Toward Larger Role"]

[FBIS Transcribed Text] Chinese People's Political Consultative Conference (CPPCC) should further enhance its role in political consultation as well as democratic discussion and supervision, CPPCC Chairman Li Ruihuan said at yesterday's closing session of the 13th meeting of the CPPCC Eighth National Committee's Standing Committee.

During the four-day session, the CPPCC Standing Committee members have discussed the role of the organization, as part of efforts to implement the recommendations of the Central Committee of the Communist Party of China (CPC).

Li urged all CPPCC members to grasp the opportunities and bring forth a great advance in CPPCC's work.

The organization should abide by the CPC's leadership, uphold unity and stability, proceed with its work step by step and coordinate with all the other departments.

To fulfill its role, the CPPCC should choose the topics from real life and map out solutions said Li.

Li also urged the CPPCC to strengthen its democratic supervision work to meet the demands of the socialist market economy.

The conference will research its plans and submit its suggestions to and co-ordinate with the Party's discipline inspection commissions, judicial departments and other departments Li said.

Political participation and discussions of the CPPCC, representing all kinds of people should touch on all fields including politics, economy, culture, social life and international exchanges, Li said.

More on Speech

*OW0706140795 Beijing XINHUA Domestic Service
in Chinese 1157 GMT 5 Jun 95*

[By reporter Zhu Dongju (2612 0392 5468)]

[FBIS Translated Text] Beijing, 5 Jun (XINHUA) — The 13th session of the standing committee of the

eighth Chinese People's Political Consultative Conference [CPPCC] National Committee ended here today. Li Ruihuan, member of the CPC Central Committee Political Bureau Standing Committee and chairman of the CPPCC, delivered a speech entitled "Several Issues on the CPPCC's Fulfilling Functions" at the closing meeting.

Li Ruihuan said the main task of this session is to implement the guidelines set forth by the CPC Central Committee on enhancing the CPPCC work. The "Regulation of the CPPCC National Committee on Political Consultation, Democratic Supervision, and Participation in Government Affairs" adopted by the eighth CPPCC standing committee at its ninth session was a standardized document for the CPPCC to fulfill its major functions. The CPC Central Committee attached great importance to this document, issued a formal "circular" on the document, and called on various localities and departments to conscientiously implement this document by taking the actual situation in localities and departments into consideration. When arranging 1995 work earlier this year, the CPC Central Committee clearly stated the need to further promote the standardization and institutionalization of political consultation, democratic supervision, and participation in governmental affairs. Though the CPC Central Committee's instruction has added to the CPPCC workload, it also provided the CPPCC with favorable conditions for carrying out its work. We need to have a clear understanding of the situation, seize the opportunity, make efforts, and make substantial progress in the CPPCC work.

In his speech, Li Ruihuan summed up the experiences of the CPPCC work in recent years and put forward demands on various levels of the CPPCC organizations to fulfill major functions.

The closing meeting was presided over by Wu Xueqian, vice chairman of the CPPCC National Committee.

Also present at the meeting were Ye Xuanping, Yang Rudai, Ngapoi Ngawang Jigme, Seypidin Aze, Hong Xuezhi, Deng Zhaoxiang, Zhao Puchu, Qian Weichang, Hu Sheng, Qian Zhengying, Ding Guangxun, Sun Fuling, Ma Man-kei, Zhu Guangya, and Wan Guoquan, vice chairmen of the CPPCC National Committee; and Zhu Xun, secretary general.

Yang Shangkun, Zou Jiahua Open Museum
HK0606130495 Changsha Hunan People's Radio Network in Mandarin 2300 GMT 22 May 95

[FBIS Translated Text] Yesterday [22 May], red flags were fluttering on San Xing Street of Changsha city. A ceremony to mark the opening of Li Fuchun's former residence museum was solemnly held here. Former state

president Yang Shangkun; Zou Jiahua, member of the Political Bureau of the CPC Central Committee and vice premier of the State Council; responsible persons of the relevant central ministries and commissions; main family members and relatives of Comrade Li Fuchun; provincial party, government, and military leaders; and veteran comrades attended the opening ceremony.

Yang Shangkun and Zou Jiahua unveiled a tablet inscription written by General Secretary Jiang Zemin: "Li Fuchun Former Residence Museum." They also planted evergreen trees for the museum.

Li Fuchun was born in Changsha city in Hunan on 22 May 1900. After liberation, he successively held the posts of minister of the State Planning Commission and vice premier of the State Council. In his 50-year revolutionary career, he devoted his whole life's energy to the cause of national liberation and socialist economic construction.

At the opening ceremony, Zou Jiahua said: Propagating the glorious achievements of Comrade Li Fuchun and inheriting his revolutionary spirit is the common desire of the broad masses of people. We hope that the museum will be turned into a base for carrying out education in patriotism and revolutionary tradition.

At the ceremony, Yang Zhengwu, provincial party deputy secretary and provincial governor, stressed: During his lifetime, Comrade Li fuchun showed great concern for the construction in his native place. People in Hunan will always remember this in their hearts. In the meantime, this has also encouraged us to struggle hard to further speed up the pace of construction and development in Li Fuchun's native place.

Hu Jintao Addresses Organization Cadres Class
OW0706142995 Beijing XINHUA Domestic Service in Chinese 1131 GMT 31 May 95

[FBIS Translated Text] Beijing, 31 May (XINHUA) — The first rotational training class for leading organization department cadres conducted by the CPC Central Committee Organization Department ended here today. Hu Jintao, member of the CPC Central Committee Political Bureau Standing Committee and member of the CPC Central Committee Secretariat, went to the training class on 24 May, where he had an informal discussion with the students and made an important speech on ways for organization departments to further strengthen their own building and carry out the party's organizational work in the new period.

After analyzing the heavy historical responsibility shouldered by organization departments, in the context of the large international environment and the

overall situation of China's modernization, Hu Jintao asked organization cadres to enhance their sense of responsibility and mission in performing their work. He elaborated on the important meaning of, and dialectical relationship between, carrying forward the party's fine traditions in organizational work and upholding reform and renovation in a great social change of historical significance. He also summarized the party's fine traditions in organizational work. In light of the need for undertaking new great projects and the condition of the ranks of organizational cadres, he asked organizational cadres to improve their standards in an all-around way and demanded that they "have stronger party spirit and sound workstyle, work in a concrete way, and become proficient in their professional field."

Hu Jintao said: Having a stronger party spirit means having higher theoretical attainments, stronger political faith, an overall point of view, a goal of serving the people wholeheartedly, and the courage to launch criticism and self-criticism. Having a sound workstyle means being fair and upright. It means seeking truth from facts and acting strictly in accordance with party principles and policies on every occasion and under all circumstances, especially in appraising, employing, and dealing with people. Working in a concrete way means emancipating minds, seeking truth from facts, dealing with concrete matters relating to work, and making genuine efforts to carry out work. It means proceeding from reality, working creatively, presenting new ideas on work in a timely fashion, and constantly creating new experience to make new breakthroughs in every field of endeavor. Becoming proficient in the professional field means knowing Marxist theory on party building and principles, policies, guidelines, and procedures of organizational work. It means knowing what is happening at the top and at the grass roots, knowing a lot of people, and becoming "an expert" and "a living dictionary" in organizational and cadre work. Hu Jintao stressed: Party committees at all levels must earnestly strengthen leadership over organizational work; trust, rely on, support, and concern themselves with organization departments; and bring into full play the functions and role of organization departments.

At present, there are some 100,000 organizational workers in the nation. To improve the standards of this contingent in an all-around way and further carry out organizational work in the new period, the Central Organization Department has decided to use two years of time to train organizational cadres in rotation, step by step, in a well-planned way, beginning this year. Organization departments shall assume responsibility for training cadres at their respective levels. It was learned that after nearly a month of guidance, lectures, self-

study, and collective discussion, students at the current rotational training class have a better understanding of the primary elements, spirit, and essence of Comrade Deng Xiaoping's theory on building the ruling party in the new period and of the great significance, tasks, and goals of implementing the decision of the Fourth Plenary Session of the 14th CPC Central Committee and undertaking a great new project of strengthening party building. They have a new understanding of the ways to carry out organizational work in a manner that better serves the party's basic line and the general interests of the work of the entire party and country. They also had an in-depth discussion on a number of theoretical and practical issues in the current organization work requiring urgent solutions.

During the training period, Comrade Zhang Quanjing, director of the Central Organization Department; Comrade Song Defu, deputy director of the Central Organization Department and minister of personnel; Comrade Zeng Peian, vice minister of the State Planning Commission; Comrade Gong Yuzhi, vice president of the Central Party School; Comrade Sun Zhenyu, vice minister of foreign trade and economic cooperation; Comrades Wu Lianyuan, Li Tielin, Wang Xudong, and Yu Yunyao, deputy directors of the Central Organization Department; and Comrades Liu Junlin and Yang Jiansheng, members of the Departmental Affairs Committee [bu wu wei yuan 6752 0523 1201 0765] of the Central Organization Department, gave guidance lectures.

A total of 91 leading cadres took part in the training. They came from organization departments of the provinces, autonomous regions, and municipalities; organization departments of a number of cities; personnel departments of central state organs, ministries, and commissions; and party committees of a number of large enterprises.

Existence of 'Jiang-Qiao Axis' Examined

HK0706045195 Hong Kong SOUTH CHINA MORNING POST in English 7 Jun 95 p 19

[By Willy Wo-Lap Lam]

[FBIS Transcribed Text] A group of kingmakers and opinion-leaders in the Chinese Communist Party (CCP) is pushing for a so-called Jiang-Qiao axis. This means the two heavyweights — President Jiang Zemin and National People's Congress (NPC) Chairman Qiao Shi — join hands at least temporarily to ensure a smooth transition to the post-Deng Xiaoping era.

A Jiang-Qiao entente cordiale is attracting attention despite the common perception that Mr Qiao is the most formidable challenger to Mr Jiang's supremacy.

Proponents of the alliance, however, are convinced that the two ex-Shanghai politicians have more to gain from a marriage of convenience than a myopic, mutually destructive slugfest. And the two behemoths — and their respective protégés — would settle their scores only after the 15th Party Congress of late 1997, the goal of which is to endorse a new generation of leaders now in their 40s and early 50s.

Is the Jiang-Qiao rapprochement credible? Let us first look at their dissimilarities — and examine evidence they might have mended fences over specific issues for the sake of common interests.

Are the differences irreconcilable? In ideology and politics, Mr Qiao, 71, is unquestionably more liberal than Mr Jiang, 68, a neo-conservative. The NPC chairman has steadfastly refused to endorse Mr Jiang's Maoist shenanigans such as obliging writers and students to swear allegiance to his so-called "leitmotifs of the times" — patriotism, collectivism and socialism". Mr Qiao adopted a largely tolerant attitude towards the 1989 pro-democracy movement which was partly responsible for the relatively lenient treatment accorded individual dissidents. Mr Jiang's approach to dissent is unremittingly hardline.

The two also differ on economic policy, such as the reform of ailing state enterprises. Mr Jiang has consistently put stability — keeping bureaucrats and workers happy — above market-oriented changes. While visiting state concerns on at least five occasions in the past six months, Mr Qiao has upheld Mr Deng's directive about "storming the fortress (of reform)". As he put it while addressing workers in a Xian factory last month: "We must be bold in exploration and brave in implementation; we must find a way out through practice."

Mr Qiao also seems more progressive on political reform. He is a keen advocate of promoting "checks and balances within the system" through, for example, using the NPC to "supervise" the party and government.

This lack of commonality notwithstanding, the two leaders, who both began their "revolutionary careers" as student agitators in Shanghai, have had a meeting of the minds in important areas. A number of dissidents, who usually address their petitions for faster democratisation to Mr Qiao, harbour illusions that the NPC chief might re-open the Tiananmen cast after Mr Deng's demise. They think that Mr Qiao, who incurred Mr Deng's ire by abstaining from a Politburo vote in May 1989 on whether to turn the soldiers on the students, could use the June 4 issue to bludgeon political foes such as Premier Li Peng and Mr Jiang, both super-hawks on the issue. However, at recent sessions of the Politburo Standing Committee, Mr Qiao supported Mr Jiang's

point that the lid should be clamped tight on the June 4 conundrum. The chief legislator also approved the stationing of more police and troops in the capital — as well as the extension of the "state of emergency" to September.

The two have dissimilar views on fighting corruption. While Mr Jiang is convinced that graft can be exterminated through the inculcation of a Marxist world-view, Mr Qiao has indicated that the scourge can be eradicated only through enacting more laws and boosting the NPC's status. However, both politicians think it is necessary to tailor the anti-corruption crusade to political needs.

Wei Jianxing, who replaced Chen Xitong as Beijing party boss after the latter was implicated in a corruption scandal in April, was a compromise candidate who enjoyed the backing of both titans. The two agreed that after the detention of Shougang Corp executive Zhou Beifang and Mr Chen, a moratorium should be put on the campaign to nab the "tigers", or big-time economic criminals.

Obviously, the two have decided to patch things up for the sake of what Mr Deng called the "overall climate": preserving the CCP's monopoly on power. Neither the party's conservative nor moderate wings will gain from a replay of the early 1989 scenario of radical intellectuals calling for Western-style democracy to ensure administrative probity.

On a more personal level, Mr Jiang and Mr Qiao have at least this thing in common: neither is powerful enough to swallow the other. In spite of his build-up in the Western media as the "great liberal hope" after Mr Deng, Mr Qiao is unlikely to stage a challenge against Mr Jiang. For all his titles, Mr Jiang is much less secure than he looks. But if they were to join forces, the two complement each other nicely. Mr Jiang can rally the conservatives, including the remnant Maoists, while Mr Qiao appeals to cadres ranging from the moderates to the bourgeois-liberals. Mr Jiang commands the army, while Mr Qiao has clout in the security and legal establishment. Mr Jiang controls the party apparatus, and Mr Qiao, the legislature.

According to a veteran party member, the Jiang-Qiao axis could prove much more effective in stabilising the country than the Jiang-Li or Jiang-Zhu axis, a reference to the faltering partnerships between Mr Jiang and, respectively, Premier Li and Vice-Premier Zhu Rongji.

It remains to be seen whether the Jiang-Qiao entente is just a stop-gap measure to postpone factional strife for a few years, or whether it has a significance which stretches beyond the 15th Party Congress. By apparently

hitching himself to Mr Jiang's chariot, Mr Qiao has been assured of the promotion of a large number of his proteges. At least for the short haul, Mr Jiang is rid of a serious threat. The onus is on both cadres to translate their alliance into something positive not just for the CCP but for the country. Will Mr Jiang buy Mr Qiao's arguments for a larger degree of "inner-party democracy" or a faster pace of market reform? How good are the prospects of Mr Qiao's rule of law? The president has precious few ideas but overall control over the "tools of the dictatorship of the proletariat". Adopting Mr Qiao's credo could be a good beginning towards putting those tools and other resources to better use.

Mother Says Wang Dan Still in Jail 5 June

HK0606131095 Hong Kong HONGKONG STANDARD in English 6 Jun 95 p 8

[By Amy Liu]

[FBIS Transcribed Excerpt] A Chinese dissident who was detained by police in the run-up to the June 4 anniversary of the Tiananmen Square massacre was released yesterday afternoon, his wife said. [passage omitted]

Meanwhile, Wang Dan, the prominent Chinese dissident who had announced a hunger strike when he was detained 15 days ago, remained in jail a day after the June 4 anniversary, his mother said.

She said she had not received any information about her son and was worried about his health.

"We have to wait for a couple of days as it is still a very sensitive period," she said.

She said that even if her son was already in detention, authorities continued to deploy policemen outside her house yesterday.

Draft Property Law Reportedly Near Completion

OW0706035495 Beijing XINHUA in English 0216 GMT 7 Jun 95

[FBIS Transcribed Text] Beijing, June 7 (XINHUA) — The draft of China's state property law is near completion and is expected to be officially deliberated next March, according to official sources.

A national conference on the management of state property being held in Chengdu, capital of southwest China's Sichuan Province, was told that the drafting of the law has entered a "substantive" stage and a fourth draft will be handed over to the Standing Committee of the National People's Congress, the country's top legislature, for discussion in October.

Vice-Premier Zhu Rongji has given important instructions on some aspects of the draft law, according to the sources.

A key item of state property management this year is the establishment of three analytical reporting systems: on state property statistics, operational records of state property, and transfer of state property ownership, a senior official said at the meeting.

Also during the meeting, it was revealed that more detailed rules on state assets, such as on the investigation of losses of state property, will be unveiled.

Provisions on Providing Cars to Cadres Outlined

HK0606034695 Beijing ZHONGGUO JIJIAN JIANCHA BAO in Chinese 22 Apr 95 p 1

[Report: "Regulation for Providing and Replacing Cars to Cadres at the Vice Ministerial Level and Above"]

[FBIS Translated Text] The Central Discipline Inspection Commission [CDIC] and Ministry of Supervision recently issued a circular calling on party committees, governments, discipline inspection commissions, and supervision departments (bureaus) in all provinces, autonomous regions, and municipalities to conscientiously refer to and implement the concrete provisions formulated by the Administrative Bureau for Organs Under the Central Committee [ABOCC] and the Government Offices Administration Bureau [GOAB] under the State Council on providing and replacing cars to leading cadres of central party and government organs at the vice ministerial level and above, while implementing the "Provisions on Management of Cars Provided to and Used by Party and Government Organs" (Zhong Ban Fa (1994) No. 14) enacted by the Central Committee General Office and the State Council General Office. The provisions are as follows:

1. Special cars for ministerial-level cadres in organs under the CPC Central Committee and in central government organs shall be provided or approved by ABOCC and GOAB respectively. Cars used by cadres at the vice-ministerial level in the course of their work shall be managed according to authorized size.

2. All departments must secure approval from ABOCC and GOAB before providing cadres at the vice-ministerial level and above with cars for relatively well-defined uses in the course of their work, or replacing any old cars that should be scrapped and replaced. No departments are allowed to provide or replace cars for leading cadres by themselves.

3. Special cars shall be provided to ministerial-level cadres on the basis of one car for one person; cadres at

the vice ministerial level must be guaranteed cars for use in the course of their work or for relatively well-defined uses. The standard of allocation shall be carried out in accordance with the provisions laid down in Zhong Ban Fa (1994) No. 14 document.

4. All returned cars that exceed standards shall be delivered to ABOCC and GOAB for their disposal. After the disposal of these cars, the money derived therefrom can be used to purchase new cars in accordance with the criteria and provisions.

5. All departments are required to conscientiously implement the "Provisions on Management of Cars Provided to and Used by Party and Government Organs" (Zhong Ban Fa (1994) No. 14) enacted by the Central Committee General Office and the State Council General Office as well as the above concrete stipulations. Violators shall be strictly dealt with by the discipline inspection and supervisory organs in accordance with relevant provisions.

Third National Young Pioneers Congress Opens 1 Jun

SK0606010395 Beijing XINHUA Domestic Service in Chinese 1922 GMT 1 Jun 95

[By reporters Hu Xiaomeng (5170 2556 1125) and Suo Yan (4792 4282)]

[FBIS Translated Text] Beijing, 1 June (XINHUA) — The square outside the east gate of the Great Hall of the People looked like a joyous ocean on the afternoon of 1 June, in which the "QI SE GUANG" band composed of almost 1,000 young pioneers in the capital and the honor dance group were greeting with bugling, drum beats, singing, and dancing the 550 delegates of young pioneers and counsellors of 56 nationalities throughout the country. The Third National Congress on Chinese Young Pioneers opened in Beijing today.

Hu Jintao, member of the CPC Central Committee's Political Bureau and Secretariat, delivered a congratulatory speech at the opening ceremony on behalf of the CPC Central Committee and the State Council. He urged the broad masses of boys and girls to make efforts to achieve overall development morally, intellectually, and physically by beginning from now on and from doing everything so as to become the transcentury and qualified builders and successors of socialist undertakings.

He stated: The undertakings of young pioneers are lofty causes because they are facing the future and can create the future. Contemporary juveniles represent a generation of being full of promise of vitality and of making progress. He urged the Young Pioneers of China to further inherit and develop the revolutionary tradition,

to uphold the party's basic theories and line according to the party's general targets for the new historic period, and to constantly regard as their fundamental task the training of transcentury and qualified builders and successors of socialist undertakings. He also urged them to bring into full play their function and role of training and educating boys and girls and to make still greater contributions to the programs of reform, opening up, and modernizations. (the full text of speech will be dispatched separately)

Attending the today's opening ceremony were Ding Guangen, Li Lanqing, Wei Jianxing, Wen Jiabao, Chen Muhua, Wang Guangying, Bu He, Chi Haotian, Peng Peiyun, Lou Gan, Wang Zhaoguo, and Qian Weichang.

Li Keqiang, first secretary of the central committee of Communist Youth League of China, delivered a speech at the ceremony entitled "Shoulder the Sacred Duties of Laying a Foundation for Training Transcentury Talented Personnel." He stated: The organizations of young pioneers represent a cradle for the healthy growth of boys and girls and are shouldering the sacred duties of laying a foundation for training transcentury talented personnel. Therefore, they should uphold the principle of creating something new while inheriting the tradition and of continuously broadening their work fields so as to create more effective working methods. They should have in their minds the work of upgrading the comprehensive quality of young pioneers so as to enable them to achieve overall development. They should also pay attention to training juveniles in the course of practice; to further implementing the demands put forward by General Secretary Jiang Zemin with regard to "engaging in self study, management, protection, and improvement, being self-disciplined, and being the qualified builders and successors of socialist undertakings"; and to expediting the "activities of nurturing the transcentury young eagles of Chinese juveniles."

During the opening ceremony, the representative of young pioneers read the "The Transcentury Manifesto of Chinese Young Pioneers" as 56 young pioneers wearing costumes of various nationalities took an oath side by side in the name of Red Scarf by raising their right hand.

Attending the congress were top-10 young pioneers, representatives of outstanding young pioneers and young pioneers collectives that had scored achievements in the "activities of nurturing young eagles," and the representatives of counsellors who had made contributions to Red Scarf undertakings.

Christian Splinter Group Broken Up in Shanghai
HK0706045595 Hong Kong EASTERN EXPRESS
in English 7 Jun 19 95 p 8

[By Bruce Gilley]

[FBIS Transcribed Text] A splinter group of a Christian sect branded "counter-revolutionary" has been broken up in Shanghai, and 20 of its leaders detained, an official report said yesterday. It appeared to be the latest sign of a resolute campaign to prevent the spread of unofficial and non-mainstream Christian groups in the mainland, which have flourished in rural areas in particular.

The raid on February 7 was the first time authorities had acted against the seven-year old "Anointed One" sect, TIA FENG [as published], the magazine of the official Christian church, reported in its latest issue. The Anhui province-based sect was "illegally" established as a splinter of the outlawed "counter-revolutionary group", the Shouters, the magazine said.

In a report last year, the New York-based group Human Rights Watch/Asia detailed 15 years of persecution of Shouters sect members, leading to the branding of the group as counter-revolutionary in 1993. Up to 70 Shouters members remain in jail in Henan province, where the group was founded, Human Rights Watch/Asia said.

Christian sources said yesterday it appeared that authorities were taking a similarly hard line on the Anointed One sect because of its strong antigovernment stance. "In addition to spreading rumours of fear, the group attacked party and state leaders by name, criticised the party and the government and insulted the Three Self Patriotic Movement (TSPM)," the report said. The TSPM is the government-controlled Protestant organisation. Non-official church leaders accuse it of limiting religious freedom in accordance with party demands.

Sect leaders sought the overthrow of the CCP and to replace every local leader with a sect member, the magazine report said. "The Communist Party was a snake at birth and now has grown into a great red dragon sucking the blood of the people and prophets," one sect slogan went.

Wu Yangming, who was jailed for a year in 1987 for his role in the Shouters, set up the Anointed One sect after his release. This earned him a three year labour camp term in 1989, but he escaped after a year and revived the fledgling group. "In the past five years, Wu has traversed the country, leaving evil traces everywhere he goes," the report said, noting that sect activities were now "influential" in 20 provinces. "He warned members that he was the prophet of the end of the world, and only by joining could people be saved."

Earlier independent reports from overseas Christian groups quoted Anointed One members as claiming to have seen Jesus Christ in Anhui province in 1991 in the form of a 30-year-old man. Wu, an Anhui native, is 50.

By the time Shanghai police began an investigation into the group's activities in mid-1993, it had established 10 meeting points and attracted 300 members in the city. Youths and women comprised most of the sect's membership, many of whom sold all their possessions and began travelling the length and breadth of the land preaching Wu's doomsday prophecies. In October last year, members posted leaflets at bus stations and government offices in Shanghai which attacked the TSPM as a "whore, constantly attacking the prophets and colluding with the devil". The report said Wu used his power to force women members into having sex.

By the time of the raid, the cult had attained "a pretty great influence" in six Shanghai districts, including Songjiang and Minxing districts, and cult leaders had identified the city centre as the focus for winning new converts. Police detained 20 leaders, including Wu, for questioning and "education" in the February 7 raid, it said. It was not known if any had been released.

"The influence of the Anointed One sect in Shanghai has now been wiped out," the magazine said. "Hopefully, people all across the country who have been affected by this sect will wake up to the danger as soon as possible and follow the correct path."

Commentator's Article on Theft, Corruption

HK0606095395 Beijing RENMIN RIBAO in Chinese
26 May 95 p 3

[Commentator's article: "Shocking Cases, Profound Lesson"]

[FBIS Translated Text] Yesterday, the Supreme People's Court announced that the three extraordinarily big criminal gangs stealing and smuggling cultural relics, led by Guo Binglin and Hou Linshan in Shanxi's Houma City, and Guo Xiaoping in Hubei's Jingmen City, were punished according to the country's law. Among the criminals, 12 main culprits including Guo Binglin, Hou Linshan, and Guo Xiaoping were sentenced to death, and other culprits were sentenced to life imprisonment or long jail terms. Severely punishing these persons who had committed countless crimes makes the people very happy, embodies the forcefulness of the people's democratic dictatorship in our country, and embodies the sacred nature of the country's law.

These criminals, who were called the "Hou million" and "Guo billion" in the localities, had recruited a number of local ruffians, hooligans, and local tyrants to wantonly

steal from ancient tombs, smuggle the country's cultural relics, roam the local alleys, and bully the people; they became an evil force in the localities and acquired a very destructive nature, and their crimes shocked the people. The people saw what they do, hated them, found them intolerable, and wanted the government to remove the hooligans and enforce the country's law.

However, this gang of thieves and criminals were able to commit crimes for such a long time! People cannot but ask: What is the reason? The case has now become clear. It was because they had "protective umbrella" and "relations network." They used money as bait to lure and erode a number of party and government cadres and judicial police; thus they felt secure in the knowledge that they had strong backing and rode roughshod everywhere. In their own words, "if you have money, you can ask a ghost to push the millstone." Some cadres could not withstand the attack by sugar-coated shells, and they fell once they were hit. Among these cadres, some were leading cadres holding important posts such as secretary of a city's politics and law commission, and chief of a public security bureau. In addition, there was an investigator at the level of deputy department head, and a commander of a criminal police team, so what a danger! They acted in collusion with thieves and criminals, acted in collusion with each other, and even protected the criminals and helped them to bully other people, so they shamefully degenerated into criminals. This lesson is very profound.

Historical and cultural relics are the precious belongings left to us by our ancestors; they are priceless treasures that cannot be regenerated once they are lost or damaged. Every child of the Chinese nation has the duty to cherish and protect the treasures and has no right to steal or smuggle them. If any person dares to commit such a serious crime and steals the important relics from the ancestors in order to get rich quickly, then, not only will he be abandoned by the people in the country, but he will also be severely punished by law. In recent years, along with the implementation of the law on protection of cultural relics, the work in protecting cultural relics has made some progress. But in some localities, the tendency of stealing and selling the country's cultural relics is still spreading, and it merits a high degree of attention. On the one hand, we must strengthen the breadth and depth of the propaganda for protection of cultural relics, and on the other hand we must increase the strength to crack down on the lawbreaking elements. Party and government leaders in various localities should earnestly shoulder responsibility and protect the cultural relics in the localities.

Wicked persons will have wicked punishment. Thieves and criminals may run rampant for awhile, but they can-

not beat the righteous and cannot run rampant forever. The country is after all the people's country, and the government is after all the people's government. So long as the party and government attach importance to the matter and the masses of people mobilize themselves, no demons are unbeatable, no criminal dens are indestructible, and it is natural that "Hou million" and "Guo billion" will be toppled in one day! What merits attention is that we must draw inferences about other cases from one instance, seriously learn from the lesson, and vigorously strengthen the building of the cadre contingent. In the new historic period, to serve as a cadre and a party member, especially a leading cadre and judicial cadre, one must have the correct outlook on life and on the world and be law-abiding, guard against minor defects and eliminate gradual erosion, and be able to endure the tests of power, status, money, and women. It is necessary to get rid of the corrupt elements who have lost their integrity. This is a profound lesson left behind by those several shocking cases, and it provides food for thought.

Relief Plan Lifts 10 Million People From Poverty

*OW0706035395 Beijing XINHUA in English
0131 GMT 7 Jun 95*

[FBIS Transcribed Text] Beijing, June 7 (XINHUA) — One year after the State Council started to implement the State Poverty Relief Plan, 10 million people who were formerly below the poverty line have bid farewell to poor life.

State Councillor Chen Junsheng, who is in charge of the nation's poverty relief work, vowed that the country will continue relief efforts to solve the food, clothing, and housing problems for 10 million poor people every year from now on.

Addressing the National Conference on Poverty Relief and Development which opened Tuesday [6 June], Chen said that the number of people living below the state defined poverty line had dropped from 80 million to 70 million, by the end of 1994, in one year.

The ratio of poverty-stricken people in the rural population had also dropped from 8.8 percent to 7.8 during the same period of time, according to the latest State Statistics Bureau report.

According to the state plan to wipe out abject poverty, the government said that it would basically solve the food, clothing, and housing problems of its 80 million people living below the poverty line by the end of this century.

In 1994, the 592 poverty-stricken counties included in the poverty relief scheme added 664,000 ha of farmland and built 20,000 km new roads.

Chen said that such results have been achieved through joint efforts by the central and local authorities, prosperous and underdeveloped areas, and people both at home and abroad.

China still faces a heavy task for such a short period of time to achieve the goal, and departments concerned should never relax, the State Councillor said, but that with the attention given by the central authorities, and support from all sides, and continued efforts, the plan will succeed.

Student Volunteers To Help Eliminate Illiteracy

*OW0606150495 Beijing XINHUA in English
1456 GMT 6 Jun 95*

[FBIS Transcribed Text] Beijing, June 6 (XINHUA) — One million Chinese college and middle-school student volunteers will take part in various activities to help eliminate illiteracy and to provide technological services for farmers across the country this summer.

The action, organized by the Chinese Communist Youth League Central Committee (CYLCC) and the All-China Students' Federation, has the goal of helping eliminate illiteracy among young and middle-aged people by the end of this century. It will take place during the students' summer vacation which will run from the beginning of July to the end of August.

China has some 35 million illiterate people between the ages of 15 and 46, and people of all walks of life and all ages urgently need to participate in eliminating illiteracy and developing science, said Yuan Chunging, member of the secretariat of the CYLCC, here today.

Some one million college and middle-school student volunteers will take part this year, working with 200,000 rural teachers and workers in the anti-illiteracy program and providing training for four million illiterate persons annually until illiteracy is basically eliminated among young and middle-aged people in China by the end of the century. In addition, the volunteers will provide scientific and technical services and teach peasants practical skills.

"College students' helping eliminate illiteracy and develop technology is of great significance, not only to help alleviate the shortage of teachers in rural areas but also to provide students with more opportunities to understand the country's situation on their own," said Yuan.

The Goldlion (China) Dress and Leather Products Co., Ltd. Donated two million yuan (about 238,000 US dollars) to the campaign here today. Its donations will be mainly used to print 400,000 elementary school-level readers.

Health Care for Children 'Improving' in Localities

*OW0606055495 Beijing XINHUA in English
0115 GMT 6 Jun 95*

[FBIS Transcribed Text] Beijing, June 6 (XINHUA) — Health care for children has been improving in China's localities.

In Zhejiang Province in east China a survey by the Provincial Bureau of Public Health shows that in 1993 the mortality rate of children up to the age of four in the province was 27 per thousand, approaching the average level of developed countries.

The risks for urban and rural children differ greatly, however, as the mortality rate among urban children was 15 per thousand in 1993, and 30 per thousand among rural children.

The survey found out that the top five reasons contributing to children's death are drowning, traffic accidents, pneumonia, congenital heart disease and diarrhea.

In Shandong Province, Weihai City announced that by the end of this year all the hospitals with more than 10 obstetric beds in the city will be built into international-standard hospitals suitable for the treatment of babies, making it the first "baby-friendly" city in China.

Starting in 1992, the city has set up an extensive breast-feeding support system and has banned substitutes for mother's milk from almost all its hospitals. The city's rate of breast feeding for babies four to six months old has reached 70 percent, according to official sources.

In Fujian Province official statistics show that the rate of hospital deliveries of babies in urban areas has reached 90 percent, causing a drop of 30 per thousand in the mortality rate of newborns since 1985.

Thanks to a far-reaching network of health care centers for women and children, more than 80 percent of the mothers-to-be in the province now receive proper services right from pregnancy, and more than 85 percent of the newborns are covered by an expanded immunization program.

The province now has 75 hospitals suitable for births and baby treatment, and hopefully will soon be the first "baby-friendly" province of China.

Fake Medicines Cause 190,000 Deaths Per Year

*HK0706064095 Hong Kong HONGKONG
STANDARD in English 7 Jun 95 p 7*

[By Emily Ginsberg]

[FBIS Transcribed Text] Bad reactions to drugs, especially fake medicines, are killing just over 190,000 people a year in China, according to the Ministry of Public Health. And according to a recent official survey, there are more than 100 markets all over China that specialise in selling fake medicines. Bu Yichen, a senior official with the State Administration of Medicine, told the HONGKONG STANDARD that out of China's more than 50,000 medicine wholesale markets, only 15,000 were licensed.

The State Council, or cabinet, has been asking local governments since last year to crack down on the production and selling of fake or sub-standard medicine, from herbal concoctions to imported brands. According to the ministry's Supervision Centre on the Reaction of Medicine, about 192,000 patients die each year due to the fatal side-effects of drugs, 10 times the rate for major infectious diseases. An unnamed official at the centre said 2.5 million patients were hospitalised each year, for drug side-effects. The official blamed this on the proliferation of fake drugs.

Statistics show more than 80,000 incidents of fake medicine production have been discovered since 1985. "However, the real figures are much bigger. Unlike before, many of them are operating in rural areas, far away from government's inspection," the official said.

Peng Peiyun, who is in charge of the administration of public health in the cabinet, said the crackdown had not been fully carried out because of inadequate laws and regulations. He [as published] added that some doctors were guilty of giving out wrong prescriptions. Because government usually pays for the health needs of state workers, most patients are not really concerned about the costs of their medicines or whether they need them at all. The lack of supervision is compounded by the fact that for most hospitals, higher sales mean bigger profits. "Many doctors, especially in rural areas, are not conscientious," the official said, adding that some people took drugs without doctors' advice.

Education Commission Conducts Art Course

*OW0606144195 Beijing XINHUA in English
1413 GMT 6 Jun 95*

[FBIS Transcribed Text] Beijing, June 6 (XINHUA) — China opened a special class here today, with the goal of spreading aesthetic and artistic knowledge among its education officials.

About 40 education commission leaders from central and local departments attended today's opening ceremony, the highest ranking student present being Zhu Kaixuan, head of the State Education Commission.

In a congratulatory letter, Vice-Premier Li Lanqing said that the class is a big event in China's art education.

"Art education is an important aspect of training outstanding people for the next century, to get them to grow in an all-round way — morally, intellectually, and physically," said Li.

He said that local education officials must realize the importance of art education and that they should do their work in a resolute manner.

China's art education has lagged behind the development of education as a whole and cannot meet the needs of socialist construction, according to Li.

Many Chinese schools have opened art courses, in music, dance, poetry, and so forth, but few of these kinds of courses exist for rural children.

The officials will be taught by artists and experts in art and aesthetic education during the one-week period of study, and will watch music concerts provided free for students in Beijing.

Science & Technology**Li Lanqing, Song Jian Address S&T Conference**

*OW0706083895 Beijing XINHUA Domestic Service
in Chinese 1328 GMT 30 May 95*

[By Zhu Youdi (2612 1635 2769) and Yang Ning (2799 1337)]

[FBIS Translated Text] Beijing 30 May (XINHUA) — The five-day national conference on science and technology closed in Beijing today. Li Lanqing, member of the CPC Central Committee Political Bureau and vice premier of the State Council, presided over and spoke at the conference. State Councillor Song Jian made a concluding report on behalf of the party Central Committee and the State Council.

Li Lanqing said: The national conference on science and technology, convened by the party Central committee and the State Council, has been warmly and solemnly held and is a successful conference. The conference has attracted the attention of people at home and abroad. It will become a new milestone of scientific and technological development in China and is of profound immediate and far-reaching historical significance for speeding up the socialist modernization drive.

Li Lanqing called on party committees and governments at all levels to take the CPC Central Committee's and State Council's "Decision on Accelerating Scientific and Technological Progress" and the guidelines of the national conference on science and technology as an important task to fulfill this year. He also urged them to spread the conference's guidelines to grass-roots units in order to make people know and understand Comrade Deng Xiaoping's thought that science and technology are a primary productive force and the strategy of invigorating the country through applying science and technology and developing education, thereby creating a giant motive force in society to propel scientific and technological advances.

Li Lanqing said: In accordance with the requirements of the "Decision," various localities and departments should conscientiously study how to strengthen the leadership of party committees and governments, particularly the leadership of principal party and government leaders, over the work on scientific and technological advances; they should study how to strategically and comprehensively organize and coordinate work on scientific and technological advances in their respective localities and departments, to give play to comprehensive advantages, to create an atmosphere of invigorating the country through applying science and technology and developing education, and to realize the organic integration of science and technology with economic work. In drawing up their Ninth Five-Year Plans and their long-term development programs that extend to 2010 in particular, various localities and departments should see to it that the concept that science and technology are the primary productive force and the strategy of invigorating the country through applying science and technology and developing education are embodied in their plans and programs and adopt effective measures to ensure that science, technology, and education are given priority in the process of economic and social development, thereby bringing about scientific and technological advances and realizing the principle of improving the quality of the work force. In accordance with the needs of economic and social development, every field of scientific and technological work and every program for scientific and technological development should aim at the primary objective of promoting economic and social development. It is necessary to genuinely resolve key scientific and technological problems that restrict economic and social development, in order to make economic and social development invincible in the opportunities and challenges facing China in this and the next century.

Li Lanqing said: In accordance with the guidelines of the "Decision" and of the speeches made by Comrades

Jiang Zemin and Li Peng at the national conference on science and technology, localities and departments should, in line with realities, draw up and improve specific policies and measures for accelerating scientific and technological advances. We should quicken the pace of reform of the scientific and technological system. In accordance with the principle of "holding fast to one end and leaving the whole field open," we should overcome the shortcomings of dispersion, low standards, and duplication in our key basic research and tackle key problems by pooling the advantages and strength of scientific research institutions and key scientific research colleges and universities; in research and development of applied science and technology, it is necessary to integrate closely with industries so as to take advantage of the association or integration of "production, schools, and research institutions."

Li Lanqing said: Further efforts should be made to apply science and technology in economic and social development, to transform more scientific research results into industrial products in domestic and international markets, and strive to be superior in competition. I hope that scientific research institutions that have been given the power to have economic and trade dealings with foreign countries will display their skill to the full in domestic and international markets and make greater contributions to realizing the industrialization, and commercialization, and internationalization of scientific research results.

Li Lanqing also urged various localities and departments to formulate and improve their scientific and technological progress evaluation methods and quota system, strengthen inspection and supervision of work on scientific and technological progress, and ensure the implementation of policies on scientific and technological advances.

In his concluding report, Song Jian said: The national conference on science and technology is a mobilization meeting to comprehensively implement the concept that science and technology are the primary productive force, to carry out the strategy of invigorating the country through applying science and technology and developing education, to greet the new technological revolution, and to initiate a new march on the socialist modernization drive.

Song Jian said: Comrade Deng Xiaoping's thought that science and technology are a primary productive force has profoundly brought to light the laws governing the development of modern human society. History has left us a choice: Making China strong and prosperous by relying on scientific and technological advances. The strategy of invigorating the country through applying science

and technology and developing education requires us to vigorously develop science, technology, and education; raise people's scientific, technological, and educational level; heighten the technical level of agriculture and the rural economy; increase our ability to develop new industrial technologies; adjust the industrial setup; arm enterprises with modern science and technology; develop industries using high technologies; accelerate national defense modernization; develop and utilize resources in a scientific way; protect the environment; and improve people's living conditions and health.

Song Jiang said: In developing China's science and technology, we must unswervingly continue to pursue the policy of opening to the outside world, more effectively launch international cooperation, strengthen exchanges with foreign counterparts, and bring in, assimilate, and learn from the advanced scientific and technological results of various foreign countries of the world. To realize the grand objective of socialist modernization, however, we must mainly rely on our own strength. Under any circumstances, scientific and technological workers on all fronts must vigorously carry forward the spirit of hard work and self-reliance and raise the nation's ability to blaze new trails. This is the fundamental guarantee for realizing China's grand goal of modernization.

Song Jian said: China's scientific and technological work is still in its starting stage. It will need the continued efforts of a few generations of people before it can reach a more liberal realm or the opposite shore of modernization. In formulating the Ninth Five-Year Plan and the program for 2010, we must have a new field of vision. In drawing up scientific and technological plans, we should base them on the world's scientific, technological, and economic development trend and China's modernization needs and set higher goals. We should map out new measures and set higher goals for our high-tech development plans and plans for tackling key projects in science and technology. We should pay more attention to the needs of the national economy, the development of which should be closely linked to industrial development. After making a careful appraisal and deciding on the field of development which is hopeful of developing into a major industry or is capable of playing an important role in boosting the national economy, the scientific and technological circles and the industrial circles should work closely together in organizing forces to achieve major breakthroughs.

He said: It is necessary to promote structural readjustments and exchange of personnel in accordance with the policy of "holding fast to one end and leaving the whole field open." We should encourage scientific research institutions the main task of which is technologi-

cal development to integrate with enterprises in various ways and forms so as to enter the market and participate in economic work. We should continue to open new channels for scientific and technological institutions and personnel to participate in economic construction, guide the majority of the scientific and technological force to enter the main area of economic construction, and send large numbers of professionals to new areas of economic construction in order to turn them into a backbone force for new undertakings.

Song Jian pointed out: Strengthening basic research constitutes a very important policy of our country in the new period. Gaining an advantage in science and technology in the increasingly fierce international competition in order to earn the Chinese nation a proper place in the international scientific and technological arena constitutes an arduous yet glorious historic mission of the scientists engaged in basic research. As China's economic strength continues to expand, the number of its scientific research personnel financed by the state will also gradually increase.

Song Jian said: In drawing up the Ninth Five-Year Plan for basic research and the long-term development program for 2010, it is necessary to listen to the opinions of the scientific circles. The opinions should be pooled to form the collective will. The orientation for the main area of research should be determined accurately in order to make the best use of limited manpower and material resources. We should first select areas of research in which China has an advantage and has established a foundation, areas which will play a role in boosting the development of the national economy, in order to enable them to move into the forward position of the world at a quicker pace. The state will increase investment in upgrading or building new scientific research infrastructural facilities. It will continue to establish open scientific research bases for some key fields in order to speed up the modernization of research instruments and equipment. It will adopt effective measures to improve the working and living conditions of research personnel. Training and bringing up academic leaders for this and the next century is an urgent task at present. Young scientists should be made to gradually bear the heavy historical responsibility of developing scientific undertakings. Scientific and technological workers of the older general should show more concern for and support the growth of young scientific and technological personnel. We shall strengthen research on soft science. The scientific circles should be good at applying knowledge, theories, and methods in natural and social sciences that have been verified through experiments and observations to enrich the philosophical foundation of Marxism and to enrich the tenets of the science of policy-making

in order to provide party committees and governments at all levels with a basis for making policies in a scientific and democratic way.

In conclusion, Song Jian stressed: Raising the scientific, technological, and educational level of the entire nation constitutes the foundation of building a socialist material civilization and a spiritual civilization. The popularization of science and technology among the people of the entire nation, particularly the level of knowledge of science and technology of leading cadres at all levels, will determine the process of socialist modernization in China. The whole party and the people of the whole country should proceed from this strategic point and attach importance to and strengthen the popularization of science and technology. We should conscientiously implement "Some Opinions of the CPC Central Committee and the State Council on Strengthening the Work of Popularizing Science and Technology" and earnestly, solidly, and effectively carry out the work of popularizing science and technology in society. The scientific and technological circles and other circles in society should safeguard, firmly and in a clear-cut manner, the scientific spirit, oppose ignorant and superstitious activities, and oppose fake science.

Song Jiang said: Under the leadership of the party Central Committee and the State Council, the scientific and technological circles throughout the country should, together with the people of the whole country, boldly plunge themselves into the great cause of invigorating the country through science and education and work hard to build China into a highly civilized modern socialist power.

During the national conference on science and technology, the representatives, with great enthusiasm, had a warm discussion of and exchanged views on the main topics of the conference. Provincial, city, and autonomous regional leading comrades, including Zhao Zhihao, Chen Huanyou, Xie Shijie, Gu Jinci, Li Qiyan, Zhu Senlin, Xu Kuangdi, and Li Zibin; 11 leading cadres of ministries and commissions and relevant units, including Ding Henggao, Zhu Lilan, Wang Chunzheng, Wei Yu, He Guangyuan, Liu Qi, Liu Jiang, Song Ruixiang, Sheng Huaren, Zhang Cunhao, and Lu Renfa; and representatives of scientists and entrepreneurs, including Guo Liangao, Wu Cheng, Xu Peifu, Wu Jiangxing, and Wang Xuan, addressed the conference.

Ren Jianxin, member of the CPC Central Committee Secretariat, and Zhu Guangya, vice chairman of the National Committee of the Chinese People's Political Consultative Conference, attended today's closing ceremony.

Wu Bangguo Inspects Nuclear Plant in Gansu

HK0606143195 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0736 GMT 23 May 95

[FBIS Translated Text] Beijing, 23 May—During his recent inspection in Gansu, Wu Bangguo, vice premier of the State Council, visited Factory No.404 and delivered an important speech on the development of China's nuclear industry.

According to ZHONGGUO HEGONGYE BAO [China Nuclear Industry News], on his inspection, Wu Bangguo said that as one of the five major nuclear nations, China should base itself domestically in terms of nuclear fuel. In the long-run, it is a matter of importing technology; in the near term, China should continue to offer a preferential policy in this field.

After listening to the briefings given by Factory No.404, Vice Premier Wu Bangguo said that the historical contribution made by the nuclear industrial plant in the development of China's nuclear undertaking should be fully confirmed. From now on, the development of the plant should be included in the state's Ninth Five-Year Plan.

Decision on Accelerating Scientific Progress

OW0206132295 Beijing XINHUA Domestic Service in Chinese 0053 GMT 21 May 95

[FBIS Translated Text] Beijing, 21 May (XINHUA) — The CPC Central Committee and State Council Decision on Accelerating Scientific and Technological Progress (6 May 1995)

Science and technology are primary productive forces, the most important driving forces behind the economic and social development, and a decisive factor for the powerfulness and prosperity of the country. To greatly raise social productive forces, increase overall national strength, improve people's living standards, and ensure the smooth attainment of the strategic goal for China's modernization drive in three phases, it is necessary to vigorously develop science and technology and accelerate scientific and technological progress in the whole society. To this end, the CPC Central Committee and State Council particularly made the following decision.

I. Implementing the Idea That Science and Technology Are Primary Productive Forces in All Fields

(1) Comrade Deng Xiaoping's series of expositions on scientific and technological work are an important component part of the theory of building socialism with Chinese characteristics and a guiding principle for scientific

and technological work during the new era in China. Since the Third Plenary Session of the 11th CPC Central Committee, the CPC Central Committee and State Council have formulated a series of principles and policies on scientific and technological work. Having actively and comprehensively promoted the scientific and technological system's reform and conducted international scientific and technological cooperation and exchanges in all fields and through all channels, China has worked out its strategic plan for scientific and technological development for the new era and has undergone a historic change in scientific and technological work in the course of reform and opening up. The scientific and technological system is transforming into a new system suitable for a socialist market economic structure and the law of self-development in science and technology, and a new mechanism integrating science and technology with the economy is in the making. The strategic emphasis of scientific and technological work has shifted to the construction of the national economy and has made a conspicuous contribution to promoting economic and social development, beefing up overall national strength, and improving people's living standards. The scientific and technological strength is significantly enhanced with a great deal of high-level scientific and technological fruits and the constantly growing ranks of scientific and technological personnel. The entire party and nation's understanding of the need to rely on science and technology to construct the economy has continued to rise. Many localities and departments have adopted the development strategy of relying on science and technology to revitalize the economy, and the construction of the national economy is gradually moving to the track of relying on scientific and technological progress. Practice has proved that the CPC Central Committee and State Council's principles, policies, and strategic plan on scientific and technological work are correct, that the practice of the reform of scientific and technological system is successful, and that remarkable achievements have been made in scientific and technological work. On the whole, China has initially gained the scientific and technological strength for supporting its economic and social development and participating in international economic competition, laying a solid foundation for speeding up scientific and technological progress in the whole society.

In the meantime, we should clearly see that the idea of science and technology being primary productive forces has not been implemented to the letter; unfavorable factors hampering the integration of science and technology with the economy still exist in systems, mechanisms, and ideological concepts; most enterprises still lack the internal initiative to rely on science and technology; the ratio of turning scientific and technological fruits

into productive forces and the ratio of contributions by science and technology to economic development are relatively low; the irrational structure of scientific and technological sector, overlapping of institutes, and dispersion of the research forces resulting from the old system still exist; a system under which the whole society makes inputs into science and technology through a variety of channels is yet to be introduced; and the situation of inadequate inputs is yet to be changed. These difficulties and problems in the course of advancement, which seriously restrict the development of science and technology and the economy, must receive high attention and be conscientiously solved.

(2) The period from now to the mid-21st century will be a crucial historical period for China to attain the strategic goal for modernization drive in three phases. During this period, the rapid and vigorous development of science and technology will surely generate a tremendous force to push forward the economic and social development and bring about a revolutionary change to mankind's production modes and lifestyles. Scientific and technological strength has become an important factor determining a country's national strength and international standing.

The establishment of a socialist market economic structure will create an even more favorable environment and conditions for scientific and technological progress, as well as set new and higher requirements on scientific and technological progress. To achieve sustained, rapid, and healthy development in the national economy, it is necessary to properly tackle irrational industrial structures, backwardness in technical levels, low labor and productive efficiency, low quality economic growth, and other problems by relying on scientific and technological progress. In the face of the severe challenge from international economic, scientific, and technological competition, as well as China's actual conditions characterized by a huge population, poor economic foundation, and relatively low per capita share of resources, it has become an urgent task to step up the strategic shift from an extensive-type growth in the national economy to an efficiency type. To accomplish this strategic shift, we must rely on scientific and technological progress, vigorously liberate and develop the primary productive forces, speed up the transfer of scientific and technological findings to productive forces, and earnestly switch the economic construction to the track of relying on scientific and technological progress and improving laborers' quality. To this end, the CPC Central Committee and State Council have decided to firmly implement the strategy of invigorating China through science and education.

(3) The strategy of invigorating China through science and education means comprehensively implementing the idea that science and technology are primary productive forces to the letter; upholding education as the foundation; putting science and technology and education in an important place for economic and social development; increasing China's scientific and technological strength; enhancing the country's capabilities to turn science and technology into true productive forces; raising the entire nation's scientific, technological, and cultural levels; switching economic construction to the track of relying on scientific and technological progress and improving laborers' quality; and accelerating China's attainment of prosperity and powerfulness.

The implementation of the strategy of invigorating China through science and education is a strategic decision for comprehensively implementing the idea that science and technology are primary productive forces, a fundamental measure for ensuring sustained, rapid, and healthy development in the national economy, an inevitable choice for attaining the grand objective of socialist modernization, and the only way to invigorate the Chinese nation. Since the Third Plenary Session of the 11th CPC Central Committee, the party has shifted its work emphasis to economic construction and made it the central task. The launch of the strategy of invigorating China through science and education has further deepened and brought this shift of work emphasis to a higher level; it will surely bring about more new productive forces.

(4) In achieving a new liberation and big boost of science and technology as productive forces, we must deepen the reform of the science and technology management system, give full play to the initiative and creativity of scientific and technical personnel at large, and mobilize all forces of society to promote scientific and technological progress in all fields. The targets for 2000 are: Establish an initial science and technology management system in keeping with the socialist market economic structure and the law governing self-development of science and technology; Achieve major advances in scientific research and technological development, basis research, and high-tech development for industry and agriculture; Conspicuously raise the rate of contributions by scientific and technological progress to economic development; and Push forward economic construction and social development through advances in science and technology and an improved quality of the working force. By 2010, we should achieve the following strategic goals: Further consolidate and perfect the initial science and technology management system, and effect the organic combination of science and technology with the economy; Promote the flourishing

of scientific and technological undertakings, and train and bring up a contingent of highly qualified scientists and engineers; achieve a noticeable enhancement in the whole nation's level of science, technology, and general knowledge; approach or reach advanced international levels in the strength of major academic subjects and some high-tech fields; Considerably raise the ability for making innovations through self-reliance and keeping abreast of key technical know-how and systems design technology of important industries; Approach or reach the developed nations' levels in major fields of production technology at the beginning of the next century, and reach the advanced international levels in the production technology of some new industries; and Lay a solid foundation for building a modern socialist power.

(5) The basic principles for China's science and technology work are: Adhering to the ideology that science and technology constitute the primary productive forces; Pushing forward economic construction through advances in science and technology; Gearing science and technology work to the needs of economic construction; and Working hard to scale new heights in science and technology.

In actual work, we should grasp the following principles:

- We should promote economic and social development by relying mainly on scientific and technological progress, and make finding a solution to major problems in economic and social development the primary task of science and technology work. We should organically combine science and technology with the economy in terms of strategic goals, policies, systems, programs, and plans.

- We should develop science and technology through reform, deepen the reform of the science and technology management system in the course of development. Under the government's macroeconomic regulation and control, we should bring into full play the market's role in promoting advances of science and technology.

- We should persist in integrating independent research and development with the importation of advanced technology from abroad and energetically convert scientific and technological research results into actual productive forces.

- We should persist in combining long-range and immediate goals; and work out rational arrangements for the development and popularization, and applied and basic research of technology.

- We should proceed from the global science and technology development trends and China's national conditions in adhering to limited targets, underscoring

the focuses, concentrating forces, tackling key problems, and daring to make innovations in developing science and technology.

— We should respect knowledge and talented people, and create a social environment for turning human resources to best account for and bring out talented people. In scientific research work, we should earnestly give expression to academic democracy, and adopt major policy decisions through a democratic, scientific process.

— We should persistently combine research and development with mass activities of science and technology and with the popularization of science and technology, and combine science and technology with education.

II. Energetically Push Forward Scientific and Technological Progress in Agriculture and Rural Areas

(6) Under the circumstance that the population grows constantly, the fundamental way for ensuring enough food and clothing for the people of the entire country and for continuously scaling new heights in agriculture and the rural economy lies in advances in science and technology. We must always make scientific and technological progress a priority in the development of agriculture and the rural economy, highlight the important position of agricultural science and technology in science and technology work, facilitate the transformation of traditional agriculture to high-yield, high-quality, and high-efficiency modern agriculture, and enable China to become a pace-setter in the world's advanced agricultural science and technology.

(10) We should pay particular attention to assembling China's existing advanced agrotechniques and equipping them with auxiliary facilities, and importing, in a selective way, a batch of fine seeds, techniques, and managerial experiences from outside the country and the territory for quick popularization and application. We should go all out to increase the rate of converting agricultural technological research results and the scale of their efficiency. By the end of this century, we should increase the rate of contributions by scientific and technological progress to agriculture to 50 percent so as to provide the technological guarantee for achieving grain, cotton, oil-bearing crops, and other staple farm products' production targets and for meeting the demand for meat, eggs, milk, vegetables, and other nonstaple foods.

We should continue to promote the integration of agricultural science with education, popularize the knowledge of agricultural science and technology in all fields, train agrotechnicians by all means, further intensify the popularization of agrotechniques, stabilize the contin-

gent of agrotechnicians, and develop the rural socialized service system that integrates technology with industry. Governments at all levels should earnestly improve agrotechnicians' working and living conditions.

(7) We should effectively strengthen scientific research and technological development in agriculture. We should pool resources and strive to achieve major breakthroughs in the selection and breeding of new animal and plant strains, comprehensive prevention and control of plant diseases and insect pests and natural disasters, all-round development of regions, processing and comprehensive utilization of farm products, protection of agricultural ecology, and other key technical areas that have a significant impact on agricultural development. We should accelerate the development of all kinds of techniques for animal husbandry and aquatic breeding, especially new techniques for developing new feed resources. We should develop and popularize new water-saving irrigation techniques and the scientific application of fertilizers. We should pay attention to scientific research and technological development in forestry, water conservancy, and meteorology. We should attach great importance to the research and development of biotechnology and other modern high-tech fields, as well as their applications to agriculture, and strengthen basic research in agriculture so as to lay a solid theoretical and technological foundation for modern agriculture.

(8) We should rely on scientific and technological progress to promote an all-round development of the rural economy. We should strive to raise village and township enterprises' levels of technology and scientific management, and guide them to develop technology-intensive management and intensified operations. We should apply advanced technologies to set up new industries, broaden channels for shifting surplus rural laborers, and promote the industrialization and construction of small towns in rural areas.

We should step up aid to the poor in terms of science and technology. We should support poor areas to develop science and technology as well as education. We should help poor areas train technical personnel and popularize suitable advanced technologies. We should guide the people of poor areas to rely on the scientific development of local resources to shake off poverty more quickly. The developed areas should also step up aid to poor areas in terms of technology, information, talented personnel, and funds.

III. Improve the Quality and Efficiency of Industrial Growth Through Advances in Science and Technology

(9) China's industrial development has entered a crucial stage of improving quality and growth efficiency. The fundamental way for improving the quality and efficiency of industrial growth and achieving industrial modernization lies in advances in science and technology. Scientific and technological progress is indispensable in invigorating large and medium state enterprises, readjusting the industrial structure, raising labor productivity and economic efficiency, accelerating the updating and upgrading of products, and raising the quality of products and making them more competitive in the market.

Technical innovation is the source for enterprises' scientific and technological advances as well as the motive force propelling the modern industry's development. We should encourage scientific research institutes and schools of higher learning to cooperate with enterprises in developing advanced technologies. We should work out overall plans for organically combining imported technology with domestic research and development; and, while attaching importance to importing key technologies, step up technical innovation to build up the ability for conducting research and development on our own. We should, step by step, develop key industrial technologies and techniques and manufacture key equipment by relying mainly on domestic resources, thereby building a national industry truly based on domestic innovations.

We should actively promote scientific and technological progress in enterprises, and enable them to gradually become the mainstay for technological development. Invigorating enterprises' vitality to apply advanced technology and building up their ability of technical innovation should be the main aspects in setting up a modern enterprise system. We should encourage enterprises to extensively absorb advanced technologies and new ideas and knowledge at home and abroad; gear their production to market demand; continuously develop new products, technologies, and techniques; adopt advanced management methods and organizational forms; and organize production, marketing, and service in a scientific way. We should step up on-the-job training for enterprise workers, and launch extensive mass technical innovation campaigns.

We should continue to promote the integration of productive with academic and research sectors; and encourage the scientific and technical forces of research institutes and schools of higher learning to join enterprises or enterprise groups in various forms, taking part in the

technical transformation and technological development of enterprises, or cooperating with them in setting up intermediate experimental bases and engineering technology development centers, thereby accelerating the popularization and application of advanced technology in enterprises.

(11) In improving the quality and efficiency of industrial growth, we should tackle key scientific and technological problems in mainly basic industries, pillar industries, and major engineering construction projects, to solve difficult, crucial, and basic technical problems of general character. We should focus attention on developing and popularizing electronic information technology, advanced manufacturing technology, energy-conservation technology, sanitation and environmental protection technology, and other technology for general use.

We should encourage scientific and technical forces of research institutes and schools of higher learning to effectively take part in the verification, evaluation, assimilation, and innovation of imported technologies; and to take part in the verification and early-phase study of major engineering projects, and the research and development of key technologies.

(12) We should gradually establish a modern information network and accelerate the process of computerizing information on the national economy. We should apply the advanced electronic information technology more extensively to production, management, and service; and strive to solve crucial technical problems of modernizing and computerizing the information of transportation, communications, commerce and trade, finance and taxation, banking, insurance, and social service. We should vigorously promote the development of information, consultancy, and other tertiaries that are closely related to scientific and technological progress.

IV. Develop High-Technology and Its Industries

(13) High-tech industries are a major ground for international competition in economic affairs and science and technology. Developing and industrializing high-technology is the fundamental way for spurring the upgrading of the industrial structure and giving a big boost to labor productivity and economic efficiency. The state shall make the development of high-tech industries a priority item in its industrial policy and development plans, and give special aid to high-tech industries in terms of financial and taxation, credit, and procurement policies. We should work hard to improve the function and quality of domestic high-tech products and make them more competitive in the market. We should also strive to increase the scale efficiency of high-tech industries and their ratio to the national economy, and enable

a number of high-tech industries to become pillar industries of the national economy.

Large and medium-sized enterprises should closely cooperate with research institutes and schools of higher learning in jointly developing high-tech products with great market potential. We should encourage research institutes and schools of higher learning to set up various kinds of high-tech enterprises. We should continue to encourage and guide the healthy development of privately-run science and technology enterprises, which are a vital force for developing China's high-tech industries.

The state's high and new technology industrial development zones are important bases for developing high-tech industries. The state should appropriately accord preferential treatment to these zones according to their projects. To establish a good management and operating mechanism, industries in the zones should take the lead in establishing the modern enterprise system. We should focus on building a group of large high-tech enterprises and enterprise groups that are strongly self-developing and competitive, master their understanding of intellectual property rights, and carry out inter-professional and interregional operations.

(14) High-tech research and development is the forerunner of modern economic development and the source of high-tech industrial development. When developing high technology, we should closely integrate our tasks with the needs of national economic development and national defense construction, understand the world trend of high-tech development, define our targets, and emphasize key development areas. In addition, we should principally aim at upgrading creativity and economic competitiveness, mastering our understanding in intellectual property rights, and promoting industrialization. The state should continue to implement high-tech research and development programs through selecting a group of key projects. We should establish the finest teams with middle-aged and young people as the backbone to tackle these projects. We should strengthen the teams' integration and coordination in their efforts to strive for major breakthroughs and innovations in these projects. We must attain or approach advanced world levels in such important fields as electronics information, biology, new materials, new energy sources, aeronautics, and oceanography to gain a place in the world's various important high technology fields.

(15) We should bring into full play the role of high-technology as a forerunner to the development of national defense industries, especially the development of weapons. We should strengthen the preliminary study in defense technology and pool our forces to tackle vital

issues on the research and development of key weapons. We should continue to comprehensively implement the principle of integrating the Army and people; attach importance to developing civilian and military dual-use technologies; and promote the transfer of military technologies to civilian use.

V. Promote Scientific and Technological Progress in Social Development

(16) We should comprehensively implement the "China Agenda for the 21st Century." We should apply science and technology to control population growth, upgrade worker quality, rationally develop and utilize resources, and protect the ecological environment to bring about sustained and coordinated economic and social development. We should realistically strengthen scientific research and technological progress in social development. We should efficiently embark on a group of demonstration projects in protection, control, and comprehensive utilization of environmental and ecological resources. We should establish a group of comprehensive experimental zones that apply science and technology in social development.

(17) We should efficiently tackle a group of comprehensive and major scientific and technological projects as well as research and development bases in key population, resource, environment, and medical and healthcare fields. We should strengthen family planning and conduct research in new technologies and new methods for diagnosing and preventing major diseases. We should quicken the establishment of our own research and development system for new drugs, traditional Chinese medicines, and medical equipment. We should aim to markedly lower the morbidity rate of major diseases that seriously endanger the people's health by the beginning of the next century.

We should strengthen scientific and technological research in development and comprehensive utilization of land and marine resources. We should integrate economic, environmental, and social benefits as well as bring about environmental protection and the continuous use of resources. We should strengthen the application of science and technology in disaster prevention and relief, public security, urban construction, safeguarding productivity, and cultural and sports fields. We should establish an inspection and supervision system for safety in food and nutrients. We should continue to raise the quality of the people's health.

We should vigorously develop and promote clean energy resources technology, clean production technology, and pollution treatment technology and equipment. We should apply scientific and technological progress

to promote the development of medical services, environmental protection, comprehensive use of resources, housing, circulation, and social services.

VI. Firmly Tighten Basic Research

(18) Basic research is the power of mankind's civilization and progress; the source and support of scientific, technological, and economic development; the forerunner of new technologies and inventions; and the cradle of nurturing scientists and technicians. The missions of basic research are to explore natural laws, strive for new discoveries and inventions, accumulate scientific knowledge, establish new theories, and provide the theories and methods for knowing and rebuilding the world. Major breakthroughs in basic research can give rise to new industries and trigger major economic and social changes.

Currently, basic research should give priority to state-set objectives and consider it its central task to provide the power for national economic and social development, giving priority to solving basic theoretical and technical issues of future economic and social development and to developing new technologies and methods. Basic research should pay attention to developing new and leading branches of learning; peripheral and cross disciplines, and applied basic branches of learning; and it should support the rational merging of natural and social sciences and attach importance to the research and application of soft sciences.

(19) Basic research should proceed according to the principle of "catching up in some but not all areas." Aiming at state-set targets and the front of scientific development in the world, it should strive to scale the heights of sciences, exploring and bringing forth new concepts with daring and courage. In accordance with the country's strength and financial resources, it should stress key issues, pooling its resources on tackling those projects that will likely play a significant role in promoting national economic and social development. The state will continue to intensify its support for basic research through its natural science foundations; plans for major, basic state research projects; and various other special funds. We should continue to increase investments in basic research, and funds for basic research should gradually account for a larger percentage of the research and development budgets. Basic research should be organically merged with the training of proficient personnel. We should pay attention to giving full play to the role played by universities and colleges in basic research. Research institutes and schools of higher education should be encouraged to combine their research projects, and researchers and teachers should be encouraged to do each other's work on a part-time basis. Basic

research projects with prospects for application should be coordinated with high-technology research and technological development. We should attach importance to supporting scientists, especially outstanding young leaders of various branches of learning, to select their own research topics. We should promote academic democracy and encourage scientists to explore new scientific laws and establish new academic viewpoints.

(20) There should be a stronger infrastructure for scientific research. On the basis of the current major state research institutes and laboratories, we should establish a large number of open scientific research bases, strive to modernize the scientific research equipment and facilities and the capacity for independent development, attach importance to effectively using and propagating scientific and technological information, and making greater efforts in building science and technology libraries and databases. To share science and technology information and modernize the exchanging facilities, we should, according to plans, build facilities for nationwide transmission of science and technology information and establish a science and technology information network that will link up all research organs and schools of higher learning in the country.

VII. Continue To Restructure Science and Technology Management, and Establish a New System of Science and Technology Management Compatible With the Socialist Market Economic System and the Law of Scientific and Technological Development

(21) Restructuring the science and technology management system is an extensive and profound revolution to liberate the productive forces of science and technology. While restructuring the system, we should give priority to restructuring science and technology institutes and diverting their personnel. Genuine efforts must be made to deal with problems of redundant institutes, decentralization of resources, and separation of science and technology from economic development; to strengthen enterprises' capacity for technological development; and to promote an organic merge between science and technology and economic development.

By the end of this century, we should have established a new, initial system for science and technology management compatible with the socialist market economic system and the law of scientific and technological development; a rational system for science and technology management and vigorous operating mechanisms; and a system governing investments in scientific and technological development from all social quarters and a scientific system of managing research institutes. We should also have established a social system for pro-

moting scientific and technological progress — a system comprising enterprises' technology development organs, efficiently-managed independent research organs, major universities and colleges, technical services in rural areas, and nongovernmental science and technology enterprises. Under this system, scientists and technicians in various fields will be rationally assigned, their responsibilities will be divided scientifically, and their strengths will be mutually complemented and organically integrated.

(22) We should optimize the structure of scientific and technological organizations and streamline personnel in accordance with the principle of "holding fast to one end and leaving the whole field open."

We should, in the process of deepening economic restructuring, enhance the dependence of enterprises on the vitality and force of scientific and technological progress. Large and medium-sized enterprises should generally establish and perfect technological development institutions; forge various forms of cooperation with scientific research organizations and institutes of higher learning; and vigorously enhance their technological development capability to gradually become principal technological development institutions. Meanwhile, they should establish and perfect technical service organizations, such as the productivity promotion center, which offers technical and information services to medium and small-sized enterprises.

We should give free rein to and invigorate technological development and service organizations that are closely related to economic development to integrate them into the economy in diverse forms and through multiple channels. The operations of these organizations should be centered on market mechanisms. Apart from shouldering government research and development tasks in accordance with the mechanism of competition, these organizations should principally engage in research and development, technical services, technical contracting, and commercialization and industrialization of scientific and technological achievements in accordance with market demand. We should gradually convert the majority of technological development and service organizations from business units to incorporated enterprises.

We should encourage and guide these organizations to directly join large and medium-sized enterprises or enterprise groups, and become technological development institutes of these enterprises. Some of them may be transformed into scientific and technological enterprises or enterprise groups through joint operations, stockholding, enterprise mergers and contracts, or joint ventures with enterprises. In accordance with the need for regional economic development, we should encourage de-

partments and enterprise units to link up with local scientific and technological forces to serve local economic development. Some organizations may draw on foreign investments to establish Chinese-foreign joint enterprises, while others may assume sole responsibility for their profits or losses and development.

With predominantly government investment, we should encourage the small number of key scientific research institutions and scientific research organizations operating under institutes of higher learning to conduct research in the following areas: basic studies; applied studies concerning the nation's overall and long-term interests; high technology studies; social welfare studies; and other major scientific and technological projects. The task of "holding fast to one end" should be carried out in key areas and in accordance with various levels in the course of deepening reform. In the process of opening up and competition, we should maintain an elite scientific research team of high standards. We should realistically strengthen our research in basic science and development of science and technology through support in the areas of research tasks, funds, equipment, bases, and working and living conditions of scientific research personnel.

In accordance with the above principle, scientific research institutions with government financial support should further streamline and rationally distribute their personnel to maintain an elite scientific research team of high standards. We should promote the diverse integration of scientific research institutions with institutes of higher learning. Through optimized cooperation among scientific and technological institutions, we should gradually establish several scientific research bases in the fields of basic studies, applied studies, high technology studies, and social welfare studies that are open to locals and foreigners, full of fine personnel, and high-level state research centers. Business units and localities should, in accordance with their individual needs and through the optimized organization of scientific research institutions and distribution of personnel, maintain a team consisting of an elite scientific and technological force to engage in common and long-term research and development tasks.

Restructuring and distribution of personnel is a crucial step in deepening reform of the scientific and technological system. Departments and localities should, under the guidance of the state's macro-regulation and control policy, and in accordance with actual conditions, determine the plan and implementation measures for restructuring and distribution of personnel. We should fully arouse the enthusiasm and creativity of the vast number of scientific and technological personnel. We should judge the hour and make the best use of the situation to

actively and steadily promote pilot projects. We should combine our tasks with economic restructuring, quicken the establishment and perfection of the social security system, improve the management system for intangible assets of intellectual forms that belong to the state and collectives, and create a favorable social environment for personnel distribution. During the transition period of reform, the state will continue to support policy scientific research organizations that are given "free rein" to bring into play the overall strength of science and technology.

(23) We should further reform the system of appropriating funds for science and technology, and promote the establishment of a new operating mechanism for science and technology work. Science and technology activities directly related to economic construction should be conducted in accordance with the market mechanisms. We should expedite the construction of technology and information markets, and gradually converge them with international standards. We should develop various kinds of intermediate organizations and exchanges of technology, train a contingent of professional technology agents, and set up two-way information channels and networks on technology supply and demand.

We should introduce competitive mechanisms to the operation and management of science and technology work. Scientific research projects of the state, industries, and localities should be undertaken by better qualified units through fair competition and open bidding. We should employ and promote scientific research personnel through open competition; and set up a system of managing scientific and technical personnel based on fair competition, coordination and cooperation, and rational movement for talents to play their full role. We should establish and improve the system for periodically evaluating key research institutes and national laboratories, to readjust the establishment of specialties, disciplines, and organizations; and form the competitive mechanism for the fittest to survive.

(24) We should set up a scientific system for managing research institutes and academies so that they can become legal persons with full autonomy, and which exercise scientific management. We should establish an organizational management system, under which the government and operation are separated, and responsibilities and rights are clearly defined; and optimize the organizational structure and the mix of specialties. We should also establish a new "open, mobile, competitive, and coordinated" research mechanism; a personnel system that combines permanent with mobile, and full-time with part-time jobs; and a distribution system that links the incomes of scientific and technical personnel to

economic efficiency or work performance. Where conditions permit, research institutes and academies may experiment with the new management system, under which the institute director is held responsible for the operation under leadership of the board of governors and the supervision of the board of supervisors composed of representatives from scientific and technical personnel.

(25) We should establish an overall science and technology management system in keeping with the socialist market economic structure. In the course of deepening reform, we should smooth working relations, and alter the situation of multiple management and decentralized resources in science and technology work. Science and technology management departments at all levels should change functions, strengthen overall regulation and control, reinforce indirect management and the functions of coordination and service, step up cooperation with comprehensive economic departments, and map out unified plans and arrangements for science and technology work.

(26) We should strengthen legislation and law enforcement in science and technology work. We should formulate and perfect various supplementary laws and regulations for the "PRC Law on Scientific and Technological Progress." We should reinforce the implementation of laws and regulations related to science and technology. We should protect intellectual property rights according to the law to ensure that the lawful rights and interests of research institutes, scientific and technical personnel, and inventors are not violated. We should punish illegal acts of infringing upon intellectual property rights according to the law, crack down on unlawful activities that damage the people's interests in the name of science and technology, oppose various activities of sham science, and facilitate scientific and technical personnel to conduct work according to the law.

VIII. Train a Contingent of Highly Qualified Scientific and Technical Workers, and Enhance the Whole Nation's Scientific and Technological Level

(27) Scientific and technical talents are pioneers of the primary productive forces and the backbone of the socialist modernization drive. To cope with the needs of the socialist modernization drive and to make our economy and science and technology more competitive abroad, we must give full play to the role of the current scientific and technical personnel, train and bring up hundreds of thousands of young scientific and technical talents, and build a mammoth contingent of cross-century scientific and technical personnel.

Accelerating the training of superior scientific and technical talents is an extremely pressing strategic task.

We should select and train a batch of cross-century young academic and technical engineering leaders, and give them a free hand to carry out heavy tasks. We should train a new generation of entrepreneurs who have the knowledge of modern science and technology as well as managerial expertise and are capable of leading enterprises to take part in market competition at home and abroad. As education is the foundation for training scientific and technical talents, we should earnestly implement the "outline of the educational reform and development in China," give full play to the primary role of higher education and other kinds of education in training scientific and technical talents, and train a large number of scientific and technical reserve personnel with both political integrity and ability. We should also select and train scientific and technical talents and various professional technical crackerjacks from among workers and peasants. We should attach importance to training and employing women and ethnic minorities scientific and technical talents.

We should go all out to publicize the dedication, hard work, and accomplishments of outstanding scientific and technical personnel; and foster a noble image of scientists and technical experts in society so that science and technology can become a vocation respected and admired by the people. Along with the development of the economy, we should continuously improve the living and working conditions of scientific and technical personnel and gradually raise the level of their incomes and housing. We should improve and perfect the reward system in science and technology, and increase awards for scientific and technical personnel with outstanding contributions.

We should encourage scientific and technical talents residing abroad to return to work in China. The state implements the policy of letting them decide for themselves whether to come or go. They are welcome to contribute to the motherland's modernization drive in various forms.

(28) Scientific and technical personnel should play an exemplary role in building socialist spiritual civilization and make should their share of contributions to building spiritual civilization nationwide. We should adhere to the party's basic line; and go all out to publicize the spirits of patriotism, of seeking truth and making innovation, hard work and dedication, and unity and cooperation. We should foster fine scientific ethics and style. We should resolutely oppose trickery and deception in scientific research; and correct unhealthy practices in examining research projects, in evaluating research results, and in presenting science and technology awards. We should encourage scientific and technical workers to

promote science, pursue truth, and serve the motherland and its people with their knowledge.

(29) We should further publicize and spread the knowledge of science and technology. Raising the entire nation's level of science and technology and general knowledge is the prerequisite for promoting advances in science and technology and for accomplishing the socialist modernization drive; as well as the foundation for the strength and prosperity of the nation. Publicizing and popularizing scientific and technical knowledge is an important component of the building of socialist spiritual civilization. Science and technology, propaganda, and education departments should earnestly implement the "several suggestions of the CPC Central Committee and the State Council for strengthening the work of popularizing science and technology" (the 1994 No. 11 document issued by the central authorities). We should vigorously spread scientific and technical knowledge and scientific ideas and methods, and conduct the education on dialectical materialism and historical materialism among the broad masses of people through various mass media, at different venues and facilities, and in a way loved by the people. We should use science to conquer superstition, ignorance, and poverty; and to guide the production and everyday life of the people toward a civilized and scientific path.

IX. Increase Science and Technology Inputs Through Various Channels and at Different Levels

(30) Science and technology inputs are the necessary conditions for advances in science and technology, as well as the basic guarantee for implementing the strategy of invigorating the nation with science and technology. We must adopt strong and effective measures to readjust the investment pattern; encourage and guide the whole society to increase science and technology inputs through various channels and at different levels; reverse as soon as possible the trend of excessively low science and technology inputs; and raise the efficiency of using various science and technology allocations. By 2000, expenditures for research and development of society should account for 1.5 percent of the GDP.

(31) We should increase financial inputs into science and technology. The rate of increase in science and technology inputs in both central and local governments' budgets should be higher than the annual increase of financial revenues; in the economically developed regions, the rate of increase should be even higher. Meanwhile, the central and local governments should appropriate a fixed amount of special funds from the annual capital construction appropriations for the construction of key scientific research bases and for major scientific and technological projects. We should increase the

inputs into research, basic research, and high-tech research of agricultural science; and improve research units' working conditions in a planned and selected manner.

(32) We should apply economic levers and policies to guide and encourage enterprises of various types to increase investment in science and technology, gradually making them the main investors in science and technology. We should increase the ratio of investment in science and technology. From the expenses earmarked for comprehensive agricultural development and key development projects, governments and departments at all levels should set aside a certain amount of funds to be used for resolving corresponding scientific and technological problems. As supplements for expenses used for bringing in technologies from abroad and for technical transformation, a certain amount of funds should be prepared for use in technical innovation projects.

(33) We should continue to enlarge the channels to acquire funds for science and technology by increasing the scale of loans for scientific and technological development. The ratio of loans for the development of science and technology should be increased in state credit planning, and commercial loans for the development of science and technology should be further expanded. State policy-lending banks should grant more loans for the development of science and technology, giving special support to major comprehensive high-technology projects. Financial organs should support the development of science and technology. We should develop science and technology risk investment undertakings and establish a science and technology risk investment mechanism.

(34) We should continue to give necessary policy support to scientific and technological activities, the transformation of scientific and technological achievements, and the development of industries utilizing high technologies. The state shall, within a prescribed scope, give support to such approved activities as technological transfers and technological development. We should continue to improve and conscientiously implement the State Council's preferential policies on stimulating scientific and technological advances.

X. Further Opening Up China to the Outside World and Extensively Launching International Scientific and Technological Cooperation and Exchanges

(35) International scientific and technological exchanges and cooperation constitutes an important part of China's policy of opening up to the outside world. Under the guidance of the state's foreign policy, we should actively launch multi-channel, multi-level, and all-directional international cooperation and exchanges

in accordance with China's needs for scientific, technological, and economic development and on the basis of the principles of equality, mutual benefit, achievement sharing, protection of intellectual property rights, and respect for international practice by using bilateral, multilateral, official, and nonofficial methods.

Promoting scientific and technological advances in the economic and social spheres for the purpose of serving economic construction should be the primary objective of international scientific and technological cooperation and exchanges. To meet the needs of economic and social development, we should focus on strengthening scientific and technological cooperation in the fields of advanced production techniques and high technologies and actively absorb advanced technological achievements from abroad. We should continue to promote the integration of technology with trade by expanding the independent rights of scientific research organs and science and technology enterprises to engage in foreign trade. We should encourage scientific research institutions, development zones for industries utilizing high and new technologies, and enterprises employing high technologies to cooperate with foreign trade enterprises and vigorously promote the export of China's high technologies and their products. The state shall extend policy support to exports of high technologies and their products by providing credit and export tax refunds.

We should vigorously bring in advanced technologies and intellectual power from abroad, welcoming overseas experts to work or to engage in scientific and technological exchanges in China. We should encourage enterprises using high technologies and qualified scientific research units to open branches abroad or outside China to engage in technological trade.

(36) We should extensively launch international academic exchanges in the field of basic research, expand exchanges with various countries of the world as well as with international academic organizations, and expand the scales of exchanges. In some important fields, scientific research bases may be jointly built with overseas scientific research institutions or enterprises. We should create conditions for scientists and technological personnel, especially young and middle-aged scientific and technological personnel, to launch research in cooperation with international organizations, to go for further studies or to make a short inspection trips overseas, or to take part in international academic exchanges. We should encourage them to learn from the world's scientific advances to improve themselves.

XI. Effectively Strengthening Party and Government Leadership Over Scientific and Technological Work

(37) Leading the people to carry out the strategy of invigorating the country through the application of science and technology and the development of education constitutes a sacred duty of party committees and governments at all levels. Leading cadres at all levels, especially principal party and leading government cadres, should take the lead in acquiring knowledge of modern science and technology. They should enhance their awareness of science and technology, be good at handling problems with a scientific approach, scientific ideas, and scientific methods, and increase their ability to handle the situation in connection with modern economic construction and scientific and technological development. Party committees and governments at all levels should effectively strengthen their leadership over scientific and technological work and make this work an important item on their agenda. The State Council and provincial-level governments should convene at least two special meetings a year to study scientific and technological work and to solve practical problems related to it. Strategically, the principal party and leading government cadres at all levels should grasp the organic integration of science and technology with economic work, genuinely making the promotion of scientific and technological progress the key to economic and social development. In making important decisions on economic construction and social development, party committees and governments should extensively listen to the opinions of scientists and relevant experts to make policy-making scientific and democratic. This should become an important rule for adhering to the system of democratic centralism. Party and government leaders at all levels should constantly supervise and speed up the fulfillment of the policies and measures for scientific and technological development.

(38) We should strengthen grass-roots party organizations of scientific and technological institutions. Scientific research institutions and high-tech enterprises should establish sound grass-roots party organizations to give full play to the exemplary vanguard role of communists. They should conduct ideological and political work among scientific and technological personnel, show political concern for the growth of young and middle-aged scientific and technological personnel, and pay attention to cultivating and selecting party members from among them. We should select young and middle-aged scientific and technological personnel who have both ability and political integrity and have management and leadership ability to leading posts at various levels.

(39) A leading state science and technology group will be established to strengthen overall policy-making and management related to scientific and technological work

throughout the country. The State Science and Technology Commission, as the comprehensive functioning department in charge of the country's scientific and technological work, should further strengthen overall management and comprehensive coordination of the country's scientific and technological work.

(40) Promoting scientific and technological progress is a historical mission of the whole party and the people of the whole country. All localities, departments, and all sectors of society should coordinate in unity and strive to make contributions to implementing the strategy of invigorating the country through applying science and technology and developing education. We should give full play to the important role of democratic parties, science associations, academic organizations, trade unions, the Communist Youth League of China, the All-China Women's Federation, other mass organizations, and the news media in promoting scientific and technological progress. We should develop the social custom of respecting knowledge and professional personnel and whip up an upsurge of promoting scientific and technological progress throughout the country. Scientific and technological workers should take the lead in invigorating the country through applying science and technology and developing education, and bearing the heavy mission of emancipating and developing the primary productive force of science and technology so as to contribute their wisdom and strength for the motherland's prosperity.

All localities and departments should, on the basis of this decision, formulate and improve their specific measures for promoting scientific and technological advances and methods of evaluating scientific and technological advances in light of their respective conditions, and strive to bring about scientific and technological advances throughout society.

Progress in Sci-Tech Restructuring Hailed
*OW0606025395 Beijing XINHUA Domestic Service
in Chinese 0857 GMT 25 May 95*

[By reporter Han Zhenjun (7281 2182 6511)]

[FBIS Translated Text] Beijing, 25 May (XINHUA) — With joint efforts made by the broad masses of scientific and technological personnel and Chinese people across the country, China has made major progress in the current phase of scientific and technological restructuring: It has abolished the previously unitary and closed administrative system governing its scientific and technological programs. It is effectively introducing market mechanisms to allocate, operate, and manage its scientific and technological resources. Most of China's scientific and technological personnel have joined the main

battlefields in the national economy, thereby invigorating the scientific and technological system.

At a national scientific meeting held in the spring of 1978, Comrade Deng Xiaoping proposed a great conclusion that "science and technology are productive forces." He further pointed out in the eighties that "science and technology are primary productive forces." His theses unprecedentedly liberated the minds and concepts of Chinese scientists and technicians. In accordance with the above great strategic thought of Comrade Deng Xiaoping, the CPC Central Committee issued a decision on scientific and technological restructuring in 1985. Thereafter, China has been carrying out a profound transformation to comprehensively liberate and develop scientific and technological productive forces across the country.

Pursuing the policy that "economic construction must rely on science and technology, and scientific and technological tasks must gear toward economic construction"; and rallying around the pivotal requirement that scientific and technological tasks should integrate with economic construction and that scientific and technological achievements should be expeditiously transformed into products, Chinese scientists and technicians have conducted a successful and creative reform in this regard over the past decade.

To change its scientific and technological operating mechanisms, which were previously unitary and rigid, China has restructured the fund-allocating system governing its scientific and technological programs and opened up technological markets. At present, China has completely restructured the fund-allocating system governing central-level organizations for studies of technological development and governing local scientific undertakings. The previous situation where Chinese scientists and technicians totally relied on state funds no longer exists. The three major sources of scientific and technological funds are state financial allocations, funds gathered by relevant institutions and units themselves, and scientific and technological loans. Since China opened the scientific and technological markets in October 1984, the value of scientific and technological contracts increased on average more than 50 percent annually. The value was over 20 billion yuan in 1993. Modern technological exchanges in Shanghai, Shenyang, Chongqing, and Zhengzhou are forming regional technological trading centers. Moreover, China's efforts in commercializing its technological achievements have reached a stage whereby technological achievements and intellectual property rights are regarded as assets and evaluated accordingly.

To integrate scientific and technological tasks with economic construction, China has actively striven to break down the previously "enclosed" structure of scientific and technological organizations, and initiated the integration of scientific research units, universities, and enterprises so that science and technology can develop in the economy. At present, most scientific research colleges and institutions have demolished their enclosures, and are operating and developing independently in accordance with the requirements of market mechanisms. Some scientific research institutions — including the Automation Institute under the Metallurgical Industry Ministry, the Iron and Steel Research Institute, the Shanghai Shipbuilding Institute under the Communications Ministry, and the Nanjing Automation Institute under the Power Industry Ministry — collected over 100 million yuan of fresh annual incomes from their technological achievements, which amounted to over 90 percent of their total annual income and which were more than 10 times higher than the value of state-allocated funds. To strengthen intermediate links that transform scientific and technological achievements into productive forces, China has organized and established nearly 60 engineering and technological research centers and a number of centers that upgrade productive forces.

Since China carried out reform and opening up to the outside world, nongovernmental scientific and technological enterprises have rapidly developed across the country and become a vital new force for Chinese scientists, technicians, and entrepreneurs. At present, 950,000 personnel are working in over 50,000 nongovernmental scientific and technological enterprises in China. Some of these enterprises have developed into conglomerates with annual output worth several hundred million or several billion yuan. China-made high-technology products have occupied over 50 percent of domestic markets and have entered international markets.

To enhance Chinese scientific and technological personnel's rational mobility in accordance with the policy "that while redoubling our research efforts in basic science and for the development of new and high technology, we should give free rein to research, development, and business activities of organizations engaged in developing technology or providing scientific and technical services," China has restructured the system governing scientific and technological personnel. At present, China has preliminarily formed a contingent of about 100,000 basic research personnel, specifically upgraded relevant facilities, and allocated more funds in this regard. It has also constructed 226 state key laboratories and departmental open laboratories that will be important bases for China to conduct basic research in the future. Meanwhile, over 80 percent of China's sci-

tific and technological personnel have joined, in various formats, the national economy's main battlefields. They are demonstrating their talents in the market economy's fluctuating operations, and are becoming a vital fresh force in China's economic progress that cannot be neglected.

Under China's reform policy, scientific and technological work has entered a most prosperous period in China's history. Contributions of China's scientific and technological progress to its economic growth have increased remarkably. Particularly, high-technology and its related industries have developed rapidly, become new and powerful forces propelling China's economic progress, and considerably enhanced the overall standards of China's industrial structure. China's 52 state new and high-technology industrial development zones have cultivated over 12,000 high-technology enterprises, and produced an annual output worth 80 billion yuan. We are constructing several high-technology industrial development belts, including the Suzhou-Wuxi-Changzhou Torch Plan belt, the Shenyang-Dalian Expressway belt, and the Beijing-Tianjin-Tanggu high-technology industrial development belt.

Meanwhile, Chinese scientists and technicians have been continually strengthening their own development. The number of scientific and technological achievements rose from year to year and their standards continued to improve. A large number of outstanding young and middle-aged scientists and technicians have developed healthily. The practice of reform and progress in the past decade fully shows that the conclusion of "science and technology are primary productive forces" is correct. Currently, China's scientific and technological system is gradually moving along a new track, and has laid a firm foundation that will integrate scientific and technological tasks with economic construction. The system is radiating a new vitality and resilience under new conditions of building a socialist market economy.

RENMIN RIBAO Editorial on Science Congress

OW0606122995 Beijing XINHUA Domestic Service in Chinese 1447 GMT 25 May 95

[RENMIN RIBAO 26 May editorial: "Ushering in a New Milestone in the Development of Science and Technology — Warmly Congratulating the Opening of the National Science and Technology Congress"]

[FBIS Translated Text] Beijing, 25 May (XINHUA) — The National Science and Technology Congress opens in Beijing today.

The congress will sum up experiences in developing the scientific and technological undertaking in the new era, and discuss ways to implement the just promulgated

"Decision of the CPC Central Committee and State Council on Accelerating Scientific and Technological Progress." This is an important meeting convened by the party Central Committee and State Council at a crucial moment in the development of China's reform and opening up and socialist modernization; and it will exert a far-reaching influence on China's scientific and technological undertaking and socialist modernization as a whole. We extend warm congratulations on the convening of the congress.

National prosperity can spur the flourishing of science and technology; and the flourishing of science and technology can in turn promote national prosperity. Since the convening of the Third Plenary Session of the 11th CPC Central Committee, reform, opening up, and the socialist modernization drive have developed vigorously, while the scientific and technological undertaking has advanced by leaps and bounds. The party Central Committee and State Council have formulated a series of major principles and policies and worked out new strategic arrangements for the development of the scientific and technological undertaking in the new era, thereby bringing about historic changes in scientific and technological work. The science and technology management system has undergone changes and become a new system in keeping with the socialist market economic structure and the law governing the self-development of science and technology; and new mechanisms for integrating science and technology with the economy are taking shape. The strategic focus of scientific and technological work has been shifted to national economic construction, making outstanding contributions to promoting economic and social development, enhancing overall national strength, and raising the people's living standard. The continuous emergence of scientific and technological achievements and expansion of the contingent of scientific and technical personnel have substantially enhanced China's scientific and technological strength. Today China is equipped with the preliminary scientific and technological strength for supporting economic and social development and for taking part in international competition; and the country has laid a solid foundation for accelerating the entire society's scientific and technological progress. These are the fruitful results achieved by the vast number of scientific and technical workers fighting in unity over a long time under the leadership and support of the party and government, and with the active participation of the broad masses of people. We pay sincere, noble tribute to all those who have contributed to the development of China's scientific and technological undertaking!

There are three milestones in the history of the development of New China's scientific and technological un-

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dertaking. The first was in 1956 when the party Central Committee issued the great call for "the march toward science" and drew up the first long-range scientific and technological plan, that is, the "Long-Range Plan for National Scientific and Technological Development from 1956 to 1967," thereby immensely inspiring scientific and technical workers at large and effecting the first leap in the development of China's science and technology. The second was the national science congress convened in 1978. At the congress, Comrade Deng Xiaoping delivered an important speech and put forward the major theses "science and technology are primary productive forces" and "intellectuals are a component of the working class," thereby dispelling the miasma spread by the "Gang of Four"; greatly liberating the productive forces of science and technology; ushering in the spring of science in our great motherland; and accelerating the pace of scientific and technological development acclaimed worldwide. The third is the "Decision" promulgated recently by the party Central Committee and State Council, and the current science and technology congress. This is an appeal and mobilization order issued by the third generation leading collective, with Comrade Jiang Zemin as the core, to all party members and people throughout the country to scale new heights in science and technology, as well as a harbinger for a new and greater leap in China's scientific and technological undertaking.

The "Decision of the CPC Central Committee and State Council on Accelerating Scientific and Technological Progress" puts forward in explicit terms the great strategy for rejuvenating the nation with education in science and provides major strategic arrangements for the future development of China's scientific and technological undertaking. This is a programmatic document that can boost the people's morale. It crystalizes experiences in developing science and technology under the socialist system since the founding of the PRC; in gearing scientific and technological work to the needs of economic construction since the Third Plenary Session of the 11th CPC Central Committee; in reforming the science and technology management system since the promulgation of the "Decision of the CPC Central Committee on Reforming the Science and Technology Management System" in 1985; and in accelerating the development of science and technology since Comrade Deng Xiaoping put forward the thesis "science and technology are primary productive forces" in 1978. In recent years, our party has defined the strategic guiding principle of "pushing forward economic construction truly through advances in science and technology and improved quality of the working force," and has readjusted accordingly the general plan for the socialist modernization drive, thereby pushing the scientific and technolog-

ical undertaking to a new stage of speedy development. Now that the party Central Committee and State Council have again made the "Decision" and put forward the great strategy of rejuvenating the nation with education in science, all previous experiences have been concentrated and elevated to a new height into a systematic, comprehensive, and programmatic document. Experiences show that each and every step made in economic construction calls for scientific and technological progress, and that each and every stride in deepening reform of the economic system requires the deepening of science and technology management system reform. Moreover, scientific and technological progress has in turn pushed forward advances in economic construction, and the deepening of science and technology management system reform has promoted the deepening of economic structure reform. We can anticipate that the comprehensive implementation of the "Decision" will definitely bring about a new liberation of and give a big fillip to science and technology as the productive forces, and will ensure the smooth realization of the three-step strategic goal for China's modernization drive.

Competition between nations of the world today is, in the final analysis, a race between their science and technology and economic strength, which is determined by the level of scientific and technological development. To always place China in an unassailable position in the increasingly fierce global race, it is imperative to drastically elevate the entire nation's level of science and technology and general knowledge, and to strive to accelerate the pace of advancing the scientific and technological undertaking. Leading cadres, who shoulder the heavy responsibility of organizing and commanding the socialist modernization drive, should earnestly grasp the essence of the "Decision," actively study scientific and technological knowledge, and strive to enhance their awareness of science and technology. They should firmly foster the view that "science and technology are primary productive forces"; and should apply this view in observing the world, in analyzing problems, in assuming overall responsibility, and in arranging work so that science and technology can permeate into and affect all directions and every facet of economic and social life, and can promote and spur the take-off of the entire society. If science and technology are the locomotive for propelling the development of mankind's history in the world today, then mastering the superb skill of driving the locomotive at full speed is the prerequisite for competent leading cadres from now on.

"The wide sea allows the fish to leap about and the vast sky the birds to fly." The vast number of scientific and technical workers have a vast field of activity and brilliant prospects where much can be accomplished. To-

day China has a mammoth 18.6 million-strong contingent of scientific and technical workers; and they form the backbone for vigorous development of the scientific and technological undertaking. In ancient times, there was a galaxy of star scientists and inventors such as Cai Lun, Zhang Heng, Zu Chongzhi, and Li Shizhen. Today there are also a large number of outstanding scientists and inventors such as Li Siguang, Qian Xuesen, Hua Luogeng, and Zhu Kezhen who have made great contributions to the annals of the development of the scientific and technological undertaking in China and the world as a whole. In the future march to achieve a renaissance of the Chinese nation's great civilization, one batch after another of scientists and inventors who can live up to the expectations of the past, present, and future generations of people will certainly emerge in China. This is a great trust of the times and the wish of the people. We place our hopes on the current generation of Chinese scientific and technical workers, the middle-aged and young scientific and technical workers.

An invisible horizontal bar is placed at the joint between the 20th and 21st centuries. The level of each and every country and nation's level of science and technology and economic development will not only determine its position in the global setup but also its development fate in the next century. The time is pressing and the chance is rare. Under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the leadership of the party Central Committee with Comrade Jiang Zemin as the core, let us further unite, exert ourselves, and work harder in order to enable our great motherland to cross to the 21st century with stronger and more vigorous strides!

New Solution for 'Slow' Daya Bay Control Rods

*HK0706054595 Hong Kong HONGKONG
STANDARD in English 7 Jun 95 p 5*

[By Renato Reyes]

[FBIS Transcribed Text] French nuclear reactor supplier Framatome is proposing a new solution to the problem of "slow" control rods in Daya Bay's Unit One reactor. It hopes the measure will convince the Chinese authorities to give the go-signal to restart the unit.

The company wants to install seven new guide tubes and put eight unused tubes into use to solve the failure of 15 of the "slowest" control rods to drop down the tubes into the reactor on time. Seven of the 15 control rods, which are the plant's safety mechanism, failed to drop within the time specified by international standards. The other eight drop on time, although they are considered to be slow.

Framatome recommended that seven new guide tubes be installed and that eight other rods, which are not in use but are in place, be pressed into service. This might be accomplished in mid-July. The proposal is being studied by the Guangdong Nuclear Power Joint Venture Company and China's National Nuclear Safety Administration [NNSA]. No restart can be authorised unless the rods drop on time.

Although Framatome originally proposed to replace all the tubes for both units by the end of the year, Guangdong Nuclear Power sources said: "We are looking at a near-term solution." "We still have to decide whether this is the solution we have to take and whether this is acceptable to NNSA," sources said. Senior technical nuclear adviser of the Hong Kong Nuclear Investment Company Jacques Pretti said: "The main advantage of the measure is to correct 15 of the slowest rods".

Unit One has been shut down since December when it underwent refuelling. In February, engineers discovered seven of the 53 control rods failed to drop on time. Engineers initially thought the problem was surface abrasion on the seven rods so all 53 rods were replaced. But the rods still failed to drop on time, prompting Framatome to install an extra eight control rods and to decide to replace all the guide tubes by the end of the year.

Mr Pretti said although the eight other control rods dropped within the time frame specified by international standards, they dropped more slowly now than they did when the plant was commissioned. "We may find in three or five months that they are out of range," Mr Pretti said. "In this case we shall not have solved anything." Framatome had pointed to the guide tubes as the source of the problem.

The shutdown of Daya Bay's reactors has been blamed for the slowdown of industrial growth in Shenzhen. The Hong Kong China News Agency reported Shenzhen's industrial growth was only 14.7 per cent in the first four months of the year, below 20 per cent for the first time.

Research Links Hypertension to Salt Sensitivity

*OW0606132495 Beijing XINHUA in English
1227 GMT 6 Jun 95*

[FBIS Transcribed Text] Xian, June 6 (XINHUA) — Research by Chinese medical specialists has determined that hypertension, or high blood pressure, may be a result of salt sensitivity, besides inheritance factors.

The new finding is the outcome of an eight-year research program to spot the reasons behind the rising incidences of hypertension among Chinese children, a program

which was part of the national science projects for the Eighth Five-Year Plan (1991-1995).

Researchers from the Xian Medical University and the Hanzhong Institute of Cardiovascular Diseases examined 4,900 primary and high school students in Hanzhong City.

They concluded that a person sensitive to salt tends to have higher blood pressure if his salt intake increases, and that the more salt he ingests the higher his blood pressure is.

The researchers suggested that parents carefully control the amount of salt their children consume.

Domestic Equipment Used for Urea Production

*OW0606084795 Beijing XINHUA in English
0718 GMT 6 Jun 95*

[FBIS Transcribed Text] Beijing, June 6 (XINHUA) — China will use its first set of home-made high-pressure equipment instead of imports for chemical fertilizer production at the Urumqi Petrochemicals Corporation in northwestern Xinjiang Uygur Autonomous Region.

Designed and made by the Nanjing Chemical Machinery Equipment Plant, the high-pressure equipment, including a synthetic urea tower, a heat exchanger, a condensing unit and a washing unit has passed the examination and will be installed at the Urumqi Corporation for Urea Production during its second phase construction.

The equipment is the third breakthrough China has made since its successful making of a high-pressure container in 1956 and a synthetic tower 2.8 m in diameter in 1984.

The Nanjing Chemical Machinery Plant began to make the high-pressure equipment in 1993 after it won the bid over Austrian, German and Japanese competitors.

The Urumqi Petrochemicals Corporation is expected to produce an annual 520,000 tons of urea with the installation of the high-pressure equipment.

China has saved 40 percent of the cost by using home-made equipment instead of imported equipment.

Military & Public Security

CMC Vice Chairman Stresses 'Four Educations'

*HK06060895 Beijing JIEFANGJUN BAO
in Chinese 17 Apr 95 p 1*

[By special correspondent Zhu Zhengping (2612 3630 1627): "While Conducting Surveys and Studies of Troops Stationed in Jiangsu and Shanghai, CMC Vice Chairman Zhang Zhen Stresses the Need To Do a

Solid Job in Four Educations, To Strengthen Army, Ideological, Political Building"]

[FBIS Translated Text] Shanghai, 16 Apr (JIEFANGJUN BAO)—"Under the new situation of reform, opening up, and developing the socialist market economy, all levels must, in line with the requirements set by the Central Military Commission [CMC] Chairman Jiang, conscientiously guide and organize the broad masses of officers and men to study in-depth Marxism-Leninism-Mao Zedong Thought and Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics; do a solid job in education in patriotism and dedication, education in revolutionary outlook on life, education in respect for cadres and love for soldiers, and education in arduous struggle; strengthen the ideological and political construction of troops, and ensure that our Army will always obey the party and withstand all storms." This is an issue stressed by CMC Vice Chairman Zhang Zhen while conducting survey and study among the Ground Forces, Navy, and Air Force as well as armed police force stationed in Jiangsu and Shanghai.

From 5 to 16 April, accompanied by Fang Zuqi, political commissar of the Nanjing Military Region, Vice Chairman Zhang and his party went down to the troops, organs, academies and scientific research units. Focusing on the questions of how to do a good job in "four educations" and to strengthen ideological and political construction of troops, they held a dozen or so forums to exchange views with each other and solicit the opinions and suggestions of Army comrades. In the 1st company of a regiment, Vice Chairman Zhang attended a soldiers' conference convened by the company. In the "Good Eighth Company on Nanjing Road," Vice Chairman Zhang attended a meeting convened by the party branch on recruiting new party members, and held an informal discussion with party members of the Good Eighth Company.

While conducting survey and study in troops stationed among Shanghai, Huang Ju, member of the Political Bureau of the CPC Central Committee and secretary of the Shanghai Municipal CPC Committee, and Vice Chairman Zhang visited the PLA Shanghai Garrison and listened to work reports. At the forums held with various units, Vice Chairman Zhang stressed: Under the new situation of reform, opening up, and developing the socialist market economy, ideological and political construction must be placed above various construction of the whole Army. Only when a good job is done in ideological and political construction will there be a solid foundation for military training, administrative management, logistics support, and the modernization of

the entire Army. All levels must attach great importance to it and make conscientious efforts to attain results.

Vice Chairman Zhang pointed out: In line with the requirements set by the CMC Chairman Jiang, in intensifying ideological and political construction of troops, the most fundamental thing is to guide and organize the broad masses of officers and men to study in-depth Marxism-Leninism-Mao Zedong Thought, with the focus on Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. On this basis, we should focus on doing a good job in the "four educations." The "four educations" is proposed by Chairman Jiang in light of the current ideological reality of the troops. Doing a solid job in the "four educations" is of great significance to seeking unity of thinking, answering and solving the new developments and new problems facing army, officers and men under the new situation; strengthening revolutionary, ideal and belief; helping officers and men to foster correct outlook on life and value; promoting the fine traditions of the Red Army; and always preserving the revolutionary qualities of the people's armed forces.

Vice Chairman Zhang said: The content of the "four educations" needs to be lively and rich and the method flexible and diverse so as to be easily and readily acceptable to people. The struggle history of modern China for over a century, the struggle history of our party, the history of the people's armed forces growing in strength, the combat history of all troops, and the people's practice of building socialism with Chinese characteristics in places where troops are stationed are vivid teaching materials for conducting the "four educations." This year is the 50th anniversary of the victories in both the Chinese people's War of Resistance Against Japan and the world anti-fascist war. We should use various commemorative activities staged at home and abroad to conduct vivid and lively education in patriotism and dedication among troops. We must be good at using the heroic deeds of the older generation of revolutionaries and advanced examples of various troops for education. For over 30 years, the "Good Eighth Company on Nanjing Road" has carried out an arduous struggle, resisting the corrupting influences without being tainted. This is not an easy thing to do. We need to educate troops in a lively way by using these advanced examples and make education more convincing and appealing. He pointed out: Attention must be paid to distinguishing between levels of education and having a clearer objective in mind. We must have different emphasis and definite objectives on what to solve among soldiers, grass-roots cadres, and medium-and high-ranking cadres. Leaders at all levels must understand and grasp the ideological conditions of officers and men in good time. Regimental

political commissars and political department directors should frequently hold forums at companies to hear people's thoughts and opinions on political education so as to put education on a realistic and reasonable basis and have good grounds.

Vice Chairman Zhang demanded: All levels must realistically improve material and cultural life while making great efforts to intensify ideological and political construction. At present, it is particularly necessary to vigorously develop agricultural production and sideline occupation, do a good job in collective welfare, improve the life of the Army, and ensure the food the fighters eat meets required standards; to guide officers and men to undertake healthy and useful recreational activities and organize soldiers to learn some scientific and general knowledge in order to upgrade the comprehensive qualities of officers and men.

Moreover, it is necessary to exercise strict training and management and always manage the Army with the "Three Main Rules of Discipline and the Eight Points for Attention of the Chinese People's Liberation Army" set by Chairman Mao. He called on the whole Army to follow Chairman Jiang's general requirements on being qualified politically and competent militarily, having fine style of work, maintaining strict discipline and being assured of logistical support, comprehensively strengthen the construction of the Army, and more satisfactorily undertake the sacred mission entrusted to our Army by the party and the people.

While conducting surveys and studies, Vice Chairman Zhang also made many important instructions on the building of party committees and leading bodies, scientific research work, and the building of reserve force.

Those accompanying Vice Chairman Zhang to conduct survey and study included Wu Quanxu, assistant chief of general staff, Zhou Ziyu, deputy director of the General Political Department, and Wang Tailan, deputy director of the General Logistics Department.

Yu Yongbo at Study Group for Senior Cadres

*HK0606061095 Beijing JIEFANGJUN BAO
in Chinese 3 Apr 95 p 1*

[Dispatch by special correspondent Jing Shuzhan (2529 2118 1455) and reporter Huang Huamin (7806 5478 2404): "Yu Yongbo Stresses Firmly Arming Whole Army With Theory of Building Socialism With Chinese Characteristics at Opening Ceremony of Training Class on 'Selected Works of Deng Xiaoping' for PLA Senior Cadres"]

[FBIS Translated Text] Beijing, 1 Apr (JIEFANGJUN BAO) — An opening ceremony of a training class

for senior Army cadres on the study of the "Selected Works of Deng Xiaoping" was solemnly held at the PLA National Defense University today. Yu Yongbo, member of the Central Military Commission [CMC] and director of the General Political Department, attended the ceremony and delivered a speech on behalf of the CMC. He stressed that the study of the "Selected Works of Deng Xiaoping," which is aimed at arming the entire Army with the theory of building socialism with Chinese characteristics, is a long-term strategic mission that must not be slackened at any time.

The current training class is being participated in by leading cadres at and above army commander level throughout the Army, and is sponsored by the PLA National Defense University entrusted by the General Political Department according to the CMC's decision.

At the opening ceremony, Yu Yongbo said: Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics is the crystallization of combining the fundamental tenets of Marxism with China's current actual conditions, the scientific summation of the party's basic practice and basic experience in the new historical period, and the powerful weapon guiding the smooth advance of reform, opening up, and the socialist modernization. Prolonged and unremitting efforts are needed to genuinely understand and grasp the scientific system and essence of the theory of building socialism with Chinese characteristics; to genuinely understand and grasp Comrade Xiaoping's rich political wisdom, political experience, and excellent leadership art in administering the party, the country, and the Army; and to genuinely understand and grasp Comrade Xiaoping's scientific attitude, creative spirit, and revolutionary style. Today, in face of the numerous new conditions and problems in army building, very high demands have been set on leading cadres at various levels to raise their theoretical standards. Only by genuinely mastering Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics can we adapt ourselves to the rapid development of the new situation, seize hold of the essentials from a variety of phenomena, sort out the principal contradictions from a multitude of tasks, and correctly handle various kinds of contradictions and problems from an overall point of view, so as to enhance our sense of principle, systematicness, farsightedness, and creativeness. We must persevere in studying Comrade Xiaoping's works in an earnest spirit and indomitable willpower to repeatedly elevate our theoretical level.

Touching on how to conduct an in-depth study of the "Selected Works of Deng Xiaoping," Yu Yongbo pointed out: It is necessary to link up the three volumes of the works as a whole in order to comprehensively, accurately, and systematically master the scientific sys-

tem and essence of the theory of building socialism with Chinese characteristics. This is a significant feature of theoretical study this year and a basic requirement for theoretical study for a considerably long period to come. He said: The study of the three volumes threaded together will enable us to further understand the great revolutionary practice that Comrade Deng Xiaoping has undertaken, the ideological source and theoretical premises of the theory of building socialism with Chinese characteristics more deeply, the series of scientific conclusions founded by Comrade Deng Xiaoping in a comprehensive way, and the origin and development as well as the practical bases of forming these conclusions even more profoundly. Proceeding from this, we will be able to fully understand the momentous value and historical standing of Comrade Deng Xiaoping's scientific theory so as to firmly establish the position of this theory as a guide to our thinking. Our senior cadres should consciously take Comrade Xiaoping's theory as their guidance in understanding the objective law and development trend of reform, opening up, and the socialist modernization as well as the correctness of the party's principles and policies in the new period still more profoundly in order to strengthen their faith and confidence in the cause of building socialism with Chinese characteristics, to educate and lead the troops in safeguarding the overall interests of the entire party and Army as in the past, and to make contributions to reform, development, and stability with great efforts.

Yu Yongbo said: In studying the "Selected Works of Deng Xiaoping," we must stick to the principle of combining theory with practice in studying and resolving various kinds of practical problems encountered in the course of army building. At present, it is particularly necessary to carefully think over the issue of how we should vigorously intensify the ideological and political building in the Army. Comrade Deng Xiaoping always takes this very seriously and regards the demand of "being qualified politically" as an extremely important issue in army building. He called for us to place the building of a powerful modernized and regularized revolutionary army in a primary position. Chairman Jiang also pays very serious attention to the ideological and political building of the Army, definitely proposing that this should be placed first and foremost in army building.

While inspecting an Army unit recently, Chairman Jiang pointed out once again that it is a big issue to intensify ideological and political building, to ensure that the vast number of cadres and soldiers are really up to the mark politically and ideologically, and to preserve the true character of the People's Army. These important ideas of Chairman Jiang have stemmed from the strategic consideration of managing the Army in the

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peacetime period, particularly under the conditions of reform, opening up, and the development of a socialist market economy. Yu Yongbo pointed out: In light of the current actual conditions and the experiences for many years, the most important thing to vigorously intensify ideological and political building is to guarantee the political steadfastness and ideological and moral purity among the officers and men. The two aspects are closely related, because without a firm and correct political orientation, it is impossible to maintain the style of thinking and style of work for hard struggle. Conversely, without the style of thinking and style of work for hard struggle, it is also impossible to have a firm and correct political orientation. No matter whether it is out of the consideration of maintaining the firmness of political faith among the officers and men, or guaranteeing political and moral purity, it is necessary to take the resistance of decadent ideological and cultural corrosion as a breakthrough point to gain the initiative and launch an offensive for the intensification of ideological and political building in the Army. It is necessary to concentrate our efforts on conducting the education in the areas of "patriotic dedication, revolutionary outlook on life, respect for cadres and love for soldiers, and hard struggle" as proposed by Chairman Jiang so as to lay down a solid ideological foundation for resisting corruption and guarding against degeneration among officers and men. The entire Army, from top to bottom, should seriously do a good job in intensifying ideological and political building so that it will be full of sound and color.

In his speech, Yu Yongbo stressed that senior cadres should set a good example in studying the "Selected Works of Deng Xiaoping." In particular, they should pay serious attention to their own ideological and political building and foster a correct outlook on life and outlook on value. Under the historical conditions of reform, opening up, the development of a socialist market economy in the peacetime period, whether or not a senior cadre is able to maintain his political quality of hard struggle is a rigorous test to him. Yu Yongbo called for senior cadres to study and resolve the new conditions and problems encountered in army building, and at the same time, pay close attention to remolding their subjective world in the course of studying the theory of building socialism with Chinese characteristics. Armed with Comrade Deng Xiaoping's scientific theory, they should seriously straighten out their style of thinking; educate themselves with the principles with which they prepare to educate others; restrict themselves with the demands which they intend to set on others; unswervingly uphold the ideal belief in communism and socialism; resolutely comply with the direction of the party's Central Committee and

the CMC with Comrade Jiang Zemin at the core; set an example to the soldiers in respect of political steadfastness; consciously pursue the aim of serving the people wholeheartedly; develop the fine tradition of hard struggle; and set an example to the troops in ideological and moral purity.

Zhu Dunfa, president of the PLA National Defense University, and Li Wenqing, political commissar of the university, presided over the opening ceremony. Li Jing, deputy chief of general staff, Xu Caihou, deputy director of the General Political Department, Zuo Jianchang, deputy director of the General Logistics Department, among others, also attended the ceremony today.

Military Technology Adapted to Civilian Use

*OW0706073995 Beijing XINHUA Domestic Service
in Chinese 0713 GMT 30 May 95*

[By reporter Jia Yuping (6328 3768 1627)]

[FBIS Translated Text] Beijing, 30 May (XINHUA) — According to the General Logistics Department [GLD] of the People's Liberation Army [PLA], PLA logistics departments transferred 3,200-plus scientific and technological achievements to civilian use in recent years, thereby making contributions to national economic development.

A relevant person in charge of the GLD's department responsible for science and technology told a reporter that over 90 percent of the nearly 10,000-plus scientific and technological achievements scored by the PLA's logistics departments in the past decade can be applied to both military and civilian use. In the course of military scientific research, relevant departments made use of this advantage and took the initiative to meet the needs of the development of a socialist market economy by gradually establishing a new setup in which military logistic science and technology are organically integrated into China's economic structure.

The spread and transfer of scientific research achievements to the society by logistics departments of the whole army produced noticeable economic returns and social benefit [she hui xiao yi 4357 2585 2400 4135]. The Military Medical Science Academy developed a medicine for emergency treatment of victims of nerve gas — a major medicine used by our army as a preventive measure against chemical warfare — into a civilian product which was used to treat organic phosphorous pesticide poisoning. It has a unique curative effect. Water- and oil-resistant clothing developed by the Military Supplies and Equipment Research Institute of the GLD through its military clothing research was widely adopted in over 10 oil fields across China. The antifreeze

prevention liquid developed by the Oil Research Institute of the GLD for army units stationed in cold areas was widely used in the northern regions of China. The State Science and Technology Commission successively held six meetings at the Guangzhou and Jinan Military Regions to spread such scientific and technological achievements as a fast hog-raising method, pig feed additives, a technique for reducing printing machinery noise, and new technology for removing toxic substances from rapeseed cake and for making comprehensive nationwide use of sea buckthorn.

Meanwhile, a number of military organs engaged in transferring logistic, scientific, and technological achievements to civilian use grew and became conglomerates of scientific and technological enterprises that integrate technologies with industry and trade. They further accelerated the transfer of military logistic science and technology to civilian use. Quite a number of new products entered the international market.

Further on Civilian Use

OW0506125595 Beijing Central Television Program One Network in Mandarin 1100 GMT 30 May 95

[Announcer-read report over video from series titled "The Way To Build a Strong Nation"; from the "National News Hookup" program]

[FBIS Translated Text] Peace and development have become the main theme of all of mankind. With such a trend, China is making great efforts to develop high technology for both military and civilian use. Its high technology has taken shape and has begun to develop. After several years of tackling tough problems, China has made breakthroughs in a number of major high-tech research projects for national defense, and scored great success in applying military industry technology in civilian sectors.

After several years of tackling tough problems, we have made breakthroughs in a number of major high-tech research projects for national defense. A large number of scientific and technological achievements have shown the great vitality of the scientific and technological development for national defense, represented by such products as the newly developed magnetic levitation passenger car.

[Video shows successively wide shots of the inside of a laboratory, medium shots of a man working at a microscope, wide shots of a rocket being launched and a helicopter landing on a ship's deck] Statistics show that since 1978, the department of science and technology for national defense has won more than 2,000 national invention awards and scientific and technological progress awards. In 1980, we successfully launched

an ICBM into the Pacific Ocean, indicating that China has completed its development and testing of ground-to-ground missiles and acquired a strategic nuclear self-defense capability. At last, our Army [the People's Liberation Army] has successfully developed its first nuclear-powered submarine, allowing our country to join the ranks of a few world countries with nuclear-powered submarines.

The 1-billion-operations-per-second Galaxy supercomputer, developed by the University of Science and Technology for National Defense, has enabled China to make new achievements in large scientific computing projects and large-scale data processing for nuclear physics, aeronautics and astronautics, artificial intelligence, and other fields. The Galaxy-simulating supercomputer developed later is another achievement by China in the field of artificial intelligence technology. Its overall performance is better than other simulating supercomputers in the world.

[Video shows successively medium shots of a Long March-2 cluster rocket on the launch pad, and two technicians in a room checking on a satellite about 2 feet in diameter; and wide shots of the inside of a control room of a satellite launch center, a Long March-2 cluster rocket lifting off, several dish antennas, and the inside of a control room] In the field of astronautical technology, China has been in the advanced ranks of the world in terms of the rocket technology represented by the Long March-2 heavy-thrust cluster carrier rocket, the technology of launching three satellites with one rocket, and the technology of satellite recovery. Since 1980, our country has successfully launched 43 Chinese and foreign satellites into space. At present, we have developed three major series of satellites — near-earth-orbit recoverable remote-sensing satellites, earth-synchronous orbit communications satellites, and solar-synchronous orbit meteorological satellites; and built a comprehensive satellite and guided missile monitoring and control network covering both land and sea areas. We have had the facilities and ability to launch, monitor, and control foreign commercial satellites and are in the advanced ranks of the world in terms of monitoring precision.

In addition, we have achieved gratifying results in a number of high-tech research projects for national defense. We have successfully tackled such technological problems as automatic remote control, infrared detection, optical fiber transmission, and reduction of shock and noise. In aerodynamics, inertia techniques, photoelectric techniques, precision [word indistinct] technology, and artificial intelligence robotics we are approaching the world's advanced technological level. We have also overcome difficulties in digital communications and

superconduction, and met the needs of major national defense equipment and projects.

In the early eighties, 2,546 military technologies were declassified. Since then, a large number of military science and technology achievements and production techniques have been applied in the development and production of goods for civilian use; and they have greatly promoted the technological progress in relevant fields. Over the last 10 years, more than 35,000 military science and technology achievements have been transferred to civilian sectors. The application of military electronics in transforming conventional industries has contributed to the production of nearly 1,000 electronic products of about a dozen major categories by the energy, transportation, and agricultural departments. The application of space technology in the civilian sector has contributed to coverage of the entire country by television, radio, and telecommunications networks. The application of nuclear power in civilian sectors has brought electric power to very many families. Our high-tech industries for national defense have a large number of outstanding scientists and technicians, as well as instruments and equipment. They receive 18 percent of the total scientific and technological awards given across the country every year. Over last 10 years, the department of science and technology for national defense has offered its high-tech achievements in support of more than 1,000 state economic construction projects, and helped solve for the state more than 100 scientific and technological problems which required a quick solution.

Management of Public Order Viewed

HK0606034895 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0828 GMT 4 Apr 95

[Special dispatch by reporter Si Liang (1835 5328): "CPC Carries Out Comprehensive Management of Public Order in Rural Areas"]

[FBIS Translated Text] Hong Kong, 4 Apr (ZHONGGUO TONGXUN SHE)—Since last June when the National Conference on Comprehensive Management of Public Order in Rural Areas was held, the relevant departments of various provinces and cities on the mainland have resolutely cracked down on various kinds of criminal activities which affect public order in the rural areas, severely punished the evil hooligan forces such as local ruffians and village tyrants who were hated by the peasants, and launched in the rural areas the work in running villages according to law and education on spiritual civilization. Thus public order in many rural areas has gradually improved and some rural areas have achieved the situation whereby people can live and work comfortably.

According to information, beginning in the second half of last year, the public security organs of Shaanxi, Shandong, Henan, Jiangsu, Fujian, Hubei, Hunan, and Liaoning, as well as other law enforcement organs, jointly sent "severe crackdown and rectification work teams" to the townships, towns, and villages that had bad public order, to extensively mobilize the masses to report cases, form a strong momentum, deter lawbreaking elements, and crush a number of evil hooligan forces. For example, in the six-month "typhoon campaign," Shaanxi police arrested more than 10,000 ruffians, hooligans, and criminals of various kinds, while Xian City, the provincial capital, arrested every one of the rural hooligan forces who had for a long time bullied others in marketplaces and harassed the masses, including so-called "Lord of West Sky," the "East Sky," the "Great Black Master of Martial Art," and "Sculpture Sitting on the Mountain." And for example, Shandong's Heze City surrounded and annihilated [wei jian 0953 3005] more than 50 persons of the "Emperor's Dare-to-Die Corps" who had tyrannized the people in the local towns; Liaoning's Xifeng County arrested all the thorny persons who had for years claimed themselves mighty kings, bullied their fellow countrymen, and raped women, and handled them according to law.

Because feudal and superstitious activities have spread in some rural areas in China in recent years, while religious forces and activities reemerged to the extent of seriously affecting public order in the rural areas, law enforcement organs have restrained them. According to surveys by the relevant departments, many persons who are engaging in feudal and superstitious activities are often engaging in other criminal activities. A survey by the authorities of 250 persons involved in superstitious activities shows that 210 have committed, theft, rape, murder, cheating, and other lawbreaking activities, and 89 of them are social hooligans and those released by prisons. In some villages where the forces of lineages have run rampant, some persons have carried out activities in fostering links among lineage members and reading genealogies, and the concept of lineage rights which excludes other surnames has reemerged, creating opposition among villagers who belong to different lineages, and disputes between lineages, and armed conflicts have frequently occurred. In particular, in the villages where the party's grass-roots organizations are weak and loose, the forces of lineages have already developed to the extent of confronting grass-roots government organs, and there have appeared the unlawful lineage activities in which lineages have replaced the party, the government, and law. At the recent National People's Congress [NPC] and the Chinese People's Political Consultative Conference [CPPCC], many NPC deputies and CPPCC members from the grass-roots lev-

els demanded that the central authorities strengthen activities in checking feudal and superstitious forces in rural areas, publicize scientific and cultural knowledge, and improve peasants' cultural quality and spiritual civilization.

Rural residents account for over 80 percent of China's population, and whether the situation of public order in the vast rural areas is good or bad has an important bearing on stability and development throughout the country. Therefore, the Fourth Plenary Session of the CPC, held last September, made a decision to rectify the party's grass-roots organizations in the rural areas. The loose party organizations must first be rectified to make it possible to rectify public order and social habits. CPC General Secretary Jiang Zemin last June instructed party and government leaders of various levels to seriously grasp comprehensive management of public order in the rural areas, and strive to change the situation of public order in the rural areas as soon as possible. In his speech last October, he said that efforts must be made to properly build the 800,000 grass-roots organizations in the rural areas throughout the country, phase by phase, and group by group. During his recent trip to Jiangxi and Hunan to inspect agricultural and rural work there, Jiang Zemin talked about the issues of social habits and public order, and he once again stressed the importance of building the party's grass-roots organizations in the rural areas.

After reaching consensus and making the decision, the CPC took nationwide action. In November 1994 and March 1995, the Central Commission for Comprehensive Management of Public Order sent two batches of inspection teams—a total of 11 teams—to inspect the implementation of the system of responsibility for com-

prehensive management of public order, as well as the current situation of public order in the rural areas, in 11 provinces. According to information, in many of the rural areas that have seriously implemented the system of responsibility for comprehensive management of social order, many "villages that do not have three things" [san wu cun 0005 2477 2625] like Jiangsu's Huaxi Village which basically does not have crime, gambling, and superstitious activities, have already emerged. Along with the implementation of the policy of cracking down on crime and advocating civilization, it is believed that the country will have more and more "villages that do not have three things."

Liaoning Fuxin Security Bureau Destroys Weapons

SK0606060095 Shenyang LIAONING RIBAO
in Chinese 22 May 95 p 2

[FBIS Translated Text] The cadres and policemen of the security section under the Fuxin City Public Security Bureau destroyed 2,946 guns that had been captured on charges of illegal possession by throwing them into the furnace of a steel rolling mill in the city on 5 May.

These guns were captured in the first half of the 100-day campaign of dealing strict blows at crimes. Of these guns, 1,306 were civil guns that had been captured on charges of illegal possession. There were also military rifles and pistols that had been reconditioned by the criminal elements, the self-made guns possessed by the criminals, as well as rifles with steel ball bullets and electric prods in a pistol form. While capturing the guns, they also arrested a large number of criminal elements who had done violence with the weapons.

General**Rong Yiren, Ni Zhifu Greet Industry Anniversary**

*OW0706043795 Beijing XINHUA Domestic Service
in Chinese 1120 GMT 30 May 95*

[By reporter Li Xiuqing (2621 4423 3237)]

[FBIS Translated Excerpt] Beijing, 30 May (XINHUA) — A symposium on the strategy to develop Chinese industry was held in Beijing in order to mark the 130th anniversary of the birth of China's national industry. Vice President Rong Yiren and Ni Zhifu, vice chairman of the National People's Congress Standing Committee, wrote letters to congratulate the symposium.

Rong Yiren's congratulatory letter reads: "The development of China's modern national industry experienced all sorts of frustrations. It was only after the founding of New China that China's industry, under the leadership of the CPC, was able to develop rapidly and to move onto the road of socialist modernization."

Ni Zhifu's congratulatory letter reads: "Our national industry has reached a considerable scale and is quite strong, but to be genuinely independent and strong among the family of nations of the world, we must continue to make arduous efforts."

The symposium was jointly initiated by the China State Shipbuilding Corporation, the Ministry of Machine-Building Industry, the Ministry of Electronic Industry, the Industrial Economy Association of China, and the Chinese Academy of Social Sciences. [passage omitted]

The participants said that under the leadership of the party Central Committee with Comrade Jiang Zejin as the core, they would inherit the patriotic tradition developed in the development of national industry, resolutely take Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics as the guiding principle, and speed up the pace of reform so as to bring the development of China's industry to a new level.

Trade Minister Chen Bangzhu Visits Jilin

*SK0506113695 Changchun JILIN RIBAO in Chinese
19 May 95 p 1*

[FBIS Translated Text] Chen Bangzhu, minister of internal trade, concluded his five-day inspection tour of Jilin, leaving Changchun on the afternoon of 18 May.

During their inspection tour of Changchun, Chen Bangzhu and his entourage were warmly received by He Zhukang, secretary of the provincial party committee, and Liu Xilin, member of the provincial party Standing Committee and vice governor of the province.

Chen Bangzhu and his entourage arrived in Changchun on 14 May. During the short period of five days, they visited the cities of Changchun and Jilin and looked into more than 10 business and trade enterprises in the two cities. After hearing the work briefings given by the Departments of Commerce, Material Supply, and Grain, Chen Bangzhu highly appraised the prominent contributions made by the province to the emergency project drawn up by the State Council for allocating 1 million tonnes of corn reserved for special purposes to localities inside the Shanhuijun Juncture. He also acknowledged its role as a main business channel, which has been satisfactorily played by the province, and particularly the important role played by the province in building the projects of "vegetable basket," in supplying nonstaple foodstuffs, in curtailing prices, and in stabilizing markets. The Ministry of Internal Trade is ready to earnestly summarize the experiences gained by these departments and popularize them in the country as a whole.

In citing the work for next period, Chen Bangzhu demanded that all business and trade departments should think of what ordinary people are thinking of; should be eager to meet the needs of the CPC Central Committee; and should successfully conduct the work of curtailing commodity prices. He stated: A good job should be done in conducting reform in the commodity circulation field by regarding enterprises as a breakthrough point. Chain business has been already defined; however, in carrying out this business, we should not "stir up a wind of prevalence." Jilin Province may assign the cities of Changchun and Jilin to take up the pilot work of establishing chain businesses and may proceed from establishing chain stores that can make things convenient for the people. Efforts should be made to continuously perfect the agent system in the business of material supplies and to establish new-style relationships between industry and commerce. Wholesale enterprises should adopt a correct attitude toward their current difficulties, heighten their spirit, vigorously engage in exploration, and pave a new road suitable to their self development.

On market management, Chen Bangzhu stated: The key to market management at present lies in gearing management to standardization and in establishing a commodity circulation order so as to promote the healthy development of markets. Market management conducted by Changchun has been fine; the city has no "roadside makeshift markets," thus it is worthy to be drawn on or learned from by various localities.

Bank of China Reports Finances 'Stable'

*HK0706062195 Beijing RENMIN RIBAO in Chinese
29 Apr 95 p 1*

[Dispatch from Beijing by staff reporter Mei Hongru (2734 3163 1172): "During the First Quarter, China's Finances Operated Smoothly, and Has Been Advancing Toward Predetermined Objective of Macroscopic Regulation and Control"]

[FBIS Translated Text] Beijing, 28 Apr (RENMIN RIBAO) — Statistics released by the People's Bank of China today show that in the first quarter the financial system of our country was operating in a stable manner and we were moving toward achieving the targets set in the government's macroregulation and control policy. This is manifested chiefly in:

1. The situation with regard to recovering currency from circulation was good. At the end of the first quarter, net recovery of cash amounted to 1.75 billion yuan, with all banknotes put into circulation before the Spring Festival recovered. Compared to the post-festival recovery rate of past years, this year's rate was a good one. At the end of the quarter, the amount of currency in circulation was 727.1 billion yuan, up 24.4 percent over the same period last year.

2. More money was put into various types of deposit accounts; some sectors had more funds at their disposal. In the first quarter, deposits by enterprises in state banks increased by 64.63 billion yuan, up 8.06 billion yuan on the same period last year; this was mainly due to a relatively large rise in deposits by industrial enterprises and other enterprises.

In the first quarter, deposits by city and rural dwellers into savings accounts increased by 222.83 billion yuan, up 27.35 billion yuan over the same period last year, representing a rise of 38.5 percent.

3. The pace of loan increases was normal, the structure was improved, and the overall scope was kept within the plan. In the first quarter, loans by state banks rose by 45.64 billion yuan, an increase of 10.69 billion yuan over the same period last year. First, loans to industry rose by 15.55 billion yuan, up 6.05 billion yuan over the same period last year. The loans helped to fund the industrial enterprises in procuring production materials and ensured the steady increase in industrial production in the first quarter. Second, loans to the agricultural sector increased by 4.87 billion yuan. Third, medium- and long-term loans rose by 9.64 billion yuan, ensuring adequate funds for major state projects. Although there was a relatively large increase in new loans in the first quarter, they were kept within the plan. The total

amount remained relatively moderate, and the structure was improved.

4. The exchange rate was rising at a steady rate; the state's foreign exchange reserves continued to increase.

In the first quarter of this year the state's foreign exchange reserves amounted to \$58 billion, an increase of \$6.4 billion compared to the beginning of the year, representing a rise of 12.4 percent. The exchange rate of the renminbi was steady since the beginning of the year.

Financial experts at the People's Bank of China said that from the financial perspective, the main problem with the operation of the country's finances in the first quarter was that the money supply was still increasing at a relatively high rate. At the end of the quarter, the M1 figure, which measures money supply in the narrow sense, was 27.9 percent higher than the figure for the same period last year, while the M2 figure, which measures money supply in the broad sense, was 35.9 percent higher. These figures were some distance from the target set in the government's regulation and control policy. To fully achieve the annual targets set in the macroregulation and control policy, strenuous efforts will still have to be made.

Technological Renovation To Be Accelerated

*HK0706064295 Beijing CHINA DAILY in English
6 Jun 95 p 1*

[By Sun Shangwu: "State Acts To Renovate Industry"]

[FBIS Transcribed Text] The Chinese Government will speed up and improve reform and technological renovation in the industrial sector to enhance competitiveness in State-owned enterprises.

The move is also aimed at adapting the firms to the country's fledgling market economy making them more market-oriented and more efficient, said Li Rongrong, Director of the Technological Renovation Department under the State Economic and Trade Commission (SETC).

The top enterprises in key industrial sectors will be given priority when launching their technological renovation projects and should play a leading role in industrial restructuring.

The key industrial sectors focused on in the technological renovation drive include machinery, electronics, metallurgy, building materials and chemistry.

To help the successful firms to become even better is the guiding principle of the renovation drive, Li pointed out.

He disclosed that a total of 320 billion yuan (\$39 billion) will be used in technological renovation this year, accounting for 30 per cent of the total investment in renovation in the period of the Eighth Five-Year Plan (1991-1995).

The total investment in industrial renovation in the 1991-1995 period is expected to reach 1,071.9 billion yuan (\$131 billion).

Li said his commission is now working on reforms of the technological renovation programme, which will be implemented through "three transfers."

Enterprises will be encouraged to seek out investment from sources both in and out of the government. This is a change from former practices of government investment handed down through ministries.

Another aspect of the reform will allow firms to seek permission for renovation from State policies rather than through administrative offices.

The government also aims to broaden their influence in the area of renovation not only covering State-owned enterprises, but whole industries, Li said.

These three "transfers" or reforms are designed to make renovation in the nation's industries more efficient and timely.

He added that the importation of foreign advanced technology is also an important part of China's technological renovation.

In 1992 and 1993, the State Council provided \$2.5 billion to arrange 1,005 import projects, bringing in items such as video cassette, air compressors for air conditioners, automobile engines and digital-controlled machine tools.

Li said his commission will promote the drive to import suitable foreign technology and attract investment in the technological renovation sector.

Three Gorges Investment 'Proceeding Smoothly'

*HK0606130895 Beijing CHINA DAILY in English
6 Jun 95 p 5*

[By Gao Bianhua]

[FBIS Transcribed Text] Investment in the Three Gorges Project, as well as construction of the gigantic dam, is proceeding smoothly, said He Gong, Vice-President of the China Yangtze Three Gorges Project Development Corp.

Around 8 billion yuan (\$963 million) in fixed asset investment has been put into the project between January 1993 — when preparatory construction began — and the end of April.

Of the total, He said, 4.1 billion yuan (\$493 million) was directly channeled into dam construction on the Yangtze River for such things as earthwork and stonework projects as well as facility installation.

Another 2.52 billion yuan (\$303.6 million) was used for the resettlement of the residents in the Three Gorges area. By the year 2009, 1 million people will be moved.

Expenditures on surveys, designs, scientific research and management of the world's largest water-control project amounted to 1.3 billion yuan (\$156 million) during the period.

The remaining 80 million yuan (\$9.64 million) went to paying the bank interest, according to He.

"From next year, the expenditure on bank interest will increase to several hundred million yuan," he said.

The development corporation said that investment for the project this year will total 7 billion yuan (\$843 million), 3 billion yuan (\$361 million) of which will be provided by the State Development Bank.

He noted that "actual investment inflow to the project exceeded the above 8 billion yuan during the period of January 1993 to April 1995" because another 1.5 billion yuan (\$180 million) was used to purchase construction equipment and building materials, which was included in floating fund.

He told China Daily that the total 9.5 billion yuan (\$1.14 billion) investment came from two sources: the Three Gorges Construction Fund and domestic bank loans — "roughly, each accounts for half of the investment."

The national government this year levied an extra 0.4 fen tax for every kilowatt-hour of the country's electricity consumption. The figure in 1994 was 0.3 fen.

The money raised, combined with the profits made by Gezhouba Hydropower Station, China's largest at present and also located on the Yangtze in Hubei Province, constitutes the Three Gorges Construction Fund.

He said no overseas funds were used so far for the water project.

He said construction has been progressing smoothly since the start in 1993.

To date, around 45 million cubic metres of earth and stone have been excavated and about 250,000 cubic metres of concrete has been poured.

Seminar Opens on Bohai Rim Area Development
OW0606163195 Beijing XINHUA in English
1623 GMT 6 Jun 95

[FBIS Transcribed Text] Yingkou-liaoning, June 6 (XINHUA) — The Bohai Rim, which includes two municipalities, four provinces, and one autonomous region in the northern part of China, is believed to be China's third economic giant, with the Zhujiang (Pearl River) Delta and the Chang Jiang River.

This view was a common one expressed at a seminar on the development strategy of the Bohai Rim Liaoning economic zone, that opened here today.

Participants said that since China's regional development strategy has been shifting its focus from the south to the north, the Bohai Rim will become the third engine that drives national economic growth, and the imbalance in economic development between the south and the north is expected to change.

The region, which has a total population of 240 million, includes Beijing, Tianjin, Hebei Province, east China's Shandong Province, northeast China's Liaoning Province, north China's Inner Mongolia Autonomous Region, and Shanxi Province.

Liaoning, one of China's veteran industrial bases, has a cluster of large or medium-sized State-owned enterprises, which have made a great contribution to the country. However, low input, high output, heavy debt, and years of operation in over-worked conditions have created many problems for the province.

It has been reported that the equipment of 60 percent of the large or medium-sized State-owned enterprises in the province is 1960s' vintage, and only 30 percent of the state-owned enterprises have any 1980s-era equipment.

The two-day seminar will discuss how to help Liaoning extricate itself from the predicament and promote co-operation and development within the Bohai Rim Economic Zone.

Noted Chinese economists Su Shangqing and Ma Bin, and over 100 experts, scholars, and leaders from the Liaoning provincial government are attending the seminar.

Packaging Industry Biggest Consumer of Plastics
OW0706082395 Beijing XINHUA in English
0645 GMT 7 Jun 95

[FBIS Transcribed Text] Beijing, June 7 (XINHUA) — Packaging will continue to be the largest consumer of plastics in China till the end of this century, according

to a report in the latest issue of the "CONSUMER TIMES".

It is predicted that till the year 2000, the annual demand for plastics used for packaging will exceed 2.5 million tons in China.

Currently about 26 percent of plastics are used for packaging, which is the largest consumption field, the paper says.

Plastics are being widely used in packing grains, chemicals, minerals, cement, edible salt and sugar. With the rapid development of other industries, plastics will go into more packaging areas.

Despite recycling problems, plastics can not be replaced by other materials in a short time, the paper quoted an official as saying.

For instance, China will produce 150 million tons of farm chemicals by 2000, which will need 800,000 tons of plastic bags.

The country has put the plastic packaging industry on its development agenda in the Ninth Five-Year Plan (1996-2000).

At present, China turns out one million tons of plastic packaging products a year.

Finance & Banking**New Tax Regulations for Enterprises, Contractors**
HK0706060795 Hong Kong ZHONGGUO TONGXUN SHE in Chinese
0844 GMT 18 Mar 95

["China Adopts New Tax Regulations for Individuals Contracting With Enterprises"—ZHONGGUO TONGXUN SHE headline]

[FBIS Translated Text] Hong Kong, 18 Mar (ZHONGGUO TONGXUN SHE)—The relevant Chinese authorities have recently made the provision that an enterprise that remains an enterprise according to its industrial and commercial registration after it has contracted with or been leased to individuals, it shall first pay the enterprise income tax according to the relevant regulations. The contractor or lessee shall pay the personal income tax for the income he has earned according to the contract.

Where a contractor or lessee earns his income according to a contract without having ownership of the enterprise concerned, his income is taxable according to wage and salary tax categories, and the nine-step progressive tax rates ranging from 5 to 45 percent apply. Where a contractor or lessee obtains his earnings from an enterprise after paying a certain amount to the contracting party

or lessor, his income is taxable according to the income tax categories for enterprises and institutions, and the five-step progressive rates ranging from 5 to 35 percent apply.

When an enterprise changes to an individual industrial or commercial unit according to its industrial and commercial registration after it has contracted with or leased itself to individuals, it will be subject to personal income tax according to production and management tax categories for individual industrial and commercial units and will no longer be subject to the enterprise income tax.

For any unit that is unable to supply complete and accurate tax data or figure out the correct taxable amount, the organ in charge of tax matters will verify and determine its tax due and fix the method of collection according to relevant regulations.

Procedures for Management of T-Bond Futures

HK0606054295 Beijing ZHONGGUO ZHENGQUAN BAO in Chinese 1 Mar 95 p 3

[Article: "Provisional Procedures for the Management of Treasury Bond Futures Transactions Issued by the China Securities Regulatory Commission and the Ministry of Finance of the People's Republic of China on 23 February 1995"]

[FBIS Translated Text]Chapter I. General Provision

Article 1 It is for strengthening the management of treasury bond futures transactions, standardizing the act of treasury bond futures transactions, and protecting the legal rights and interests of those persons engaged in treasury bond futures transactions that these procedures have been enacted.

Article 2 The treasury bonds mentioned in the procedures refer to securities issued by the Ministry of Finance (MoF) on behalf of central government and in accordance with legal procedures and timed to repay capital with interest.

Article 3 The treasury bond futures transactions mentioned in the procedures refer to contracts with treasury bond futures as their contractual object.

The procedures are applicable to treasury bond futures transactions carried out within the territory of the People's Republic of China, related activities, and the supervision and management of them.

Article 4 Treasury bond futures transactions and related activities should abide by the laws concerning futures transactions and administrative regulations and should comply with the principles of publicity, equitability, impartiality and trustworthiness.

Article 5 The China Securities Regulatory Commission (CSRC) is the administrative authority for treasury bond futures transactions. The CSRC, together with the MoF, should supervise and administer treasury bond futures transactions throughout all China in accordance with laws and administrative regulations.

Chapter II. Qualifications of Treasury Bond Futures Exchange and Broking Institutions

Article 6 The treasury bond exchange (hereinafter called "the exchange") mentioned in the procedures refers to that approved by the CSRC and MoF.

Without the approval of the CSRC and the MoF, no exchange is allowed to carry on treasury bond futures transactions.

Article 7 Any exchange applying for treasury bond futures transactions should submit the following documents to the CSRC and MoF:

1. Application;
2. Rules of the exchange;
3. Administrative regulations and detailed executory rules for treasury bond futures transactions;
4. Namelist of members engaged in the treasury bond futures transactions;
5. Namelist and resumes of staff to be appointed to carry out treasury bond futures transactions;
6. Other documents required by the CSRC and MoF.

Article 8 Administrative regulations mentioned in section 3 of Article 7 should define the following items:

1. Explanations related to contracts for treasury bond futures;
2. Address and business hours for transaction;
3. Transaction suspension;
4. Transaction procedures and modes;
5. Modes of settlement and delivery;
6. Payment and management of guarantee fund;
7. Percentage of transaction commission;
8. Audit proceedings of members' income and expenditure accounts;
9. Regulations for qualifications of members for treasury bond futures transaction;
10. Regulations for management of exchange representative;
11. Prohibitions during transaction;
12. Punishment and penalty for breach of contract;
13. Other items necessary to explain.

Article 9 Any establishment of the exchange and amendment of its administrative regulation for treasury

bond futures transactions should be submitted to the CSRC and MoF for examination and approval.

Article 10 Transaction contracts drawn by the exchange should be subject to approval by the CSRC and MoF before being put into use.

Article 11 The exchange is not allowed to establish branches without approval from the CSRC and MoF.

The exchange is not allowed to be linked with networks of any other exchanges or centers which are not approved by the CSRC and MoF, or to accept their instructions and effect settlements with their members.

Article 12 Broking institutions mean futures broking firms which are approved by the CSRC for treasury bond futures transactions on behalf of their clients, and for other related services, and other financial institutions authorized for securities exchange.

Any institution without approval from the CSRC is not allowed to carry on brokerage business for treasury bond futures.

Article 13 Broking institutions in treasury bond futures should satisfy the following requirements:

1. Have a "Certificate for Domestic Futures Brokerage" authorized and issued by the CSRC and "Certificate for Financial Business" authorized and issued by the People's Bank of China for securities business;
2. Have registered capital of over 10 million yuan;
3. Have qualification required for members of treasury bond futures exchanges;
4. Have at least three staff who have obtained a "Broker's Licence for Treasury Bond Futures" from the institutions authorized by the CSRC;
5. Do not have a record of any illegal activities or any serious regulation-breaking transactions, and have a good business reputation;
6. Other requirements of the CSRC.

Chapter III. Management of Treasury Bond Futures Transactions, Settlement and Delivery

Article 14 Treasury bond futures transactions should be carried out within the exchange through competitive bidding.

Article 15 There should be a limit-up and limit-down regulation for treasury bond futures transactions set by the exchange, setting a maximum daily price fluctuation spread for treasury bond futures, a maximum stock limit for speculative volumes and a limit on stock volume in a delivery month. This regulation should be submitted to the CSRC for approval.

Any client whose stock volume for index-linked needs exceeds the limit set by the exchange should report to the exchange for transaction permission. Otherwise the exchange has the right to enforce settlement on its members' excessive sum of stock according to the regulation set in advance by the exchange with costs from the members's account.

Article 16 The exchange has the right to know about its members' transaction accounts for their clients. The stock volume of the same client who opens accounts with several members in the same exchange should be equal to that of every account put together.

Article 17 The exchange should give the real-time market information to its members, make daily tabulated quotation of treasury bond futures transaction, and publish its transaction information on exchange volume, stock volume, the highest and lowest prices, opening and closing prices, and settlement prices.

Article 18 Any shutdown during treasury bond futures transactions caused by unexpected incidents or taken as technical measure to restore the order of futures transaction should be reported to the CSRC and MoF.

Article 19 Treasury bond futures transactions should adopt a guarantee fund system and establish special guarantee fund account for members qualified for treasury bond futures transactions. Members engaged in treasury bond futures transactions should pay into the guarantee fund according to related regulations.

The aforesaid guarantee fund includes a basic guarantee payment for members' account openings before transactions, an initial guarantee payment to be paid in proportion to the sum of each transaction, and additional guarantee payments for keeping the fund at a level required by the exchange.

Article 20 Transaction guarantee fund payments paid by members to the exchange should not be less than 10 percent of transaction volume. In delivery month the ratio of guarantee fund should be raised over 20 percent. On the third day before the last transaction day, short sellers should pay a value of not less than 85 percent of their net treasury bond volume in oversold positions, and the long side should pay a value of not less than 85 percent of their net treasury bond volume in bull positions.

The CSRC has the right to regulate the aforesaid guarantee fund ratio according to market situation.

Article 21 The clearing institution of the exchange should effect a daily settlement of its members' futures transactions and should bear responsibility for executing futures contracts and risks. Settlement and fund transfers

for transactions concluded on the previous day should be finalized before the market opens on the next transaction day, and in the meantime members should be notified of the settlement status.

If members do have not enough margin capital, the exchange should request them to replenish it, otherwise the exchange has the right to enforce a settlement of their contractual bond volume with damages at their account.

Article 22 The exchange should never allow members to carry on overdraft transactions in any form.

Article 23 The average weighted price of the daily transactions should be the daily settlement price of the contract for treasury bond futures transaction on the same day.

Article 24 The exchange should collect over 20 percent of transaction commission to build up a risk fund. This special fund should be under concentrated management by the exchange for special use.

Article 25 The delivery of treasury bond futures is the passage of ownership of a treasury bond. The delivery proceedings should be stipulated by the settlement institution of the exchange.

Article 26 The delivery of treasury bond futures can be effected in two modes: delivery in paper form and in paperless form i.e. account transfer. In any case, cash delivery is not allowed.

Paper delivery refers to that of the bond itself and the deposit certificate of treasury bond issued by trust authorized by the MoF. If carrying on the paperless bond delivery through account transfers, the settlement institution of the exchange should confirm to the accounting units authorized by the MoF the real existence of substantial volume of paperless treasury bond owned by its clients, and effect the paperless account transfer of the treasury bond through the accounting unit authorized by the MoF. Detailed proceedings for transferring the sum of the bond and the time limit is regulated by the exchange.

Article 27 The exchange should establish a deposit for treasury bonds delivered, and the delivery of paperless treasury bonds should be effected through the treasury bond accounting unit designated by the MoF.

Article 28 The exchange should establish an information network in compliance with the requirement for supervisory management and real-time monitoring control of futures transactions.

Article 29 The CSRC has the right to send its staff to inspect the transactions, financial status, and all kinds of

records, documents, and accounting books and the like held by the exchange and its branches.

Article 30 The exchange should submit to the CSRC and MoF for their files, balance sheets and profit and loss statements audited by certified public accountant or auditors within three months of the end of each financial year.

Chapter IV. Management of Treasury Bond Futures Broking Business

Article 31 The treasury bond futures broking institutions that are engaged in treasury bond futures broking business shall perform the following obligations:

1. Set up and take care of account books, transaction records and other business records;
2. Strictly separating one's own business dealings from broking business;
3. Never diverting nor loaning out clients' margins without prior permission from the clients;
4. Have clients timely and objectively exposed to relevant information and keep clients' business secrets confidential;
5. Provide clients with a risk statement at the business premises;
6. Record exactly and accurately, execute timely instructions by clients and inform them of the results of transactions;
7. Fulfill all other obligations stipulated by the CSRC.

Article 32 Treasury bond futures broking institutions shall open "treasury bond futures trading special account" for clients. While admitting clients and going through the formalities of opening accounts for them, the treasury bond futures broking institution shall provide clients with a treasury bond futures risk statement, and after the risks involved in the treasury bond futures and the trading procedures have been fully explained to the clients by staff members of the treasury bond futures broking institution, the statement shall be presented to the clients for their signature and the signing date should be specified. The format of the treasury bond futures risks statement is to be formulated by the treasury bond futures broking institution and submitted to the CSRC for registration.

Treasury bond futures broking institutions shall prepare, for clients' reference, statements about all relevant matters, stipulated in the trading regulations of the treasury bond futures trading premises that are within the scope of its business dealings.

Article 33 Before accepting the client's commission to deal for him in futures trading, the treasury bond

futures broking institution shall first sign with the client a letter of commission for trading, and will check carefully that everything has been filled out and see if there is anything wrong or missing. Before the letter of commission for trading is signed, the treasury bond futures broking institution shall not accept any commission (authorization) by the client.

Article 34 The letter of commission for trading shall include at least the following items:

1. The date of the account opening;
2. The name, age, sex, place of birth, profession, address, telephone number, identity card number of the principal (in case of a legal person, the name of the enterprise, the legal person representative, and the place where the enterprise is located) shall be put down clearly;
3. The form the treasury bond futures broking institution is commissioned to deal in its futures trading, and the way of communication between the two parties;
4. The way the treasury bond futures broking institution is to execute the commission;
5. A method to cope with the client's account when for some reason the treasury bond futures broking institution is unable to conduct its business;
6. Payment methods and receipt of margin and other money items;
7. To whom shall the interests derived from the margin special account go;
8. Regulations concerning service charges for treasury bond futures trading and other related fees;
9. Notes about methods and time limits to pay additional margin;
10. The scope of consultation and services that shall be provided by the treasury bond futures broking institution;
11. Ways to deal with disputes;
12. The formalities that shall be gone through to terminate the commission contract;
13. Other items that must be recorded concerning the rights and obligations of the parties.

Article 35 If the principal of the treasury bond futures trading is a natural person, he or she shall show the original of his or her identity card while going through the formalities of opening an account and sign his or her name then and there on the spot; if the principal of the treasury bond futures trading is a legal person, the one authorized to open the account shall present duplicates of the documents certifying the registration of the legal person, letter of authorization from the legal person, and the original of the authorized person's identity card while going through the formalities of opening an account. No instruction from the client shall

be taken before the completion of the account-opening formalities.

Article 36 The treasury bond futures broking institution shall not open an account for any person who is implicated in any one of the following situations:

1. Not being fully capable of civil law action;
2. Opens an account for a legal person, yet is not able to present a letter of authorization to open an account for the legal person;
3. Being himself or herself a futures supervisory or administrative staff member, or one who is engaged in the business of treasury bond futures trading;
4. Have violated the law or administrative decrees concerning securities, futures, or foreign exchange trading and have been penalized by a responsible institution within three years;
5. And other situations stipulated by the CSRC.

As for those who have already opened accounts and have then been found to be implicated in any one of the above-mentioned situations, the treasury bond futures broking institution shall cease immediately taking new trading instructions from them, except those for the purpose of clearing their original position.

After the above-mentioned clients have cleared up their creditor's rights and liabilities, their treasury bond futures transaction accounts shall be revoked at once by the treasury bond futures trading institutions concerned.

Article 37 The treasury bond futures broking institutions can take commission from clients in the following ways:

1. Taking commission in the presence of the client;
2. Taking commission through letter-writing;
3. Taking commission through fax message;
4. Taking commission through the telephone.

In taking commission by the methods stipulated in 1, 2 and 3, the signatures of the clients shall be required; when taking commissions by the method stipulated in 4, the voice of the client is required to be recorded and then the formalities of commissioning shall be gone through again, but in written form, afterwards.

Article 38 While the treasury bond futures broking institution takes commission from the client and engages in treasury bond futures trading, it shall assess the client's capability to deal in treasury bond futures trading according to the client's creditworthiness and experience in investment. If the client's credit situation and financial resources are judged to be incapable of dealing in treasury bond futures trading, the treasury

bond futures broking institution shall have the right to turn down its commission.

Article 39 If a client who has opened an account but has not carried out any treasury bond futures transaction for six months in succession still wants to deal in treasury bond futures trading, he or she shall sign again the risk statement and the letter of commission for trading in compliance with the procedures stipulated in Article 32 and 33 of the procedures.

Article 40 When the treasury bond futures broking institution accepts the client's commission to deal in the treasury bond futures trading, it shall take in trading margin from the client. The trading margin that the treasury bond futures broking institution demands from the client shall not be less than the ratio stipulated in Article 20 of the procedures.

Article 41 Except for the following situations, the treasury bond futures broking institution shall not draw money from the client's trading margin account:

1. To pay, according to the client's instruction, the remainder of the margin after clearance;
2. The actual trading losses that the client is due to pay;
3. Service charges and other fees that the client is due to pay to the futures trading institution;
4. Drawble money agreed upon with the client in the form of a written agreement.

Article 42 The treasury bond futures broking institution shall not allow clients to overdraw in order to deal in treasury bond futures trading.

Article 43 When the treasury bond futures broking institution is taking commission from the client to go into trading, it shall take authorization on an item-to-item basis and shall not take an overall authorization.

Article 44 The treasury bond futures broking institution shall not loan out its title to any other person for the purpose of going into treasury bond futures broking business.

Article 45 The treasury bond futures broking institution shall review and check strictly the sources of a client's capital. No legal person client shall open an account in the name of a natural person, nor should any natural person client open an account in the name of a legal person.

Article 46 The treasury bond futures broking institution and its staff brokers shall in no way give warranty of profits to the client or share trading losses, and they should not by any form share with the client profits made in futures trading, except for paying indemnities

for losses incurred by the client due to mishandling on the part of the futures trading institution.

Article 47 As the treasury bond futures broking institution deals in treasury bond futures trading upon commission, it shall notify the principal with result immediately after the transaction is effected and shall submit a transaction report to the principal after the close of the market. The following items shall be listed in the transaction report:

1. Account number and the principal's name;
2. The date and time when the transaction is closed;
3. The name of the futures exchange;
4. Transaction contract, quantity and delivery month;
5. The price at which the transaction is closed;
6. Buying and selling;
7. Opening carry or evening up;
8. The amount of margin needed;
9. Service charge for trading;
10. Tax money;
11. Other matters that require clear indication.

Article 48 A monthly report of the client's transactions shall be edited by the treasury bond futures broking institution on a month- to-month basis and submitted to the client for confirmation. The monthly report of the client's transactions shall be kept on file for at least five years. The following items should be listed clearly in the client's monthly transactions report:

1. The name (or title) and account number of the principal;
2. All treasury bond contracts, buying and selling, amount, price and delivery month of the transactions which have been concluded that very month;
3. The total amount of treasury bond futures contracts that have not been evened up by the end of that month;
4. The paying and drawing of margin deposits and the balance of that very month;
5. The amount of trading gains and losses;
6. The amount of trading service charges and taxes;
7. Other matters that are required to be stated clearly.

Article 49 All transactions of treasury bond futures concluded by the treasury bond futures broking institution shall have complete records, which shall be kept intact for at least five years counting from the maturity date of the contract. The accounts of business commissioned by the clients shall be kept intact by the treasury bond futures broking institution for at least five years.

Article 50 All staff members who work with a treasury bond futures broking institution and are engaged in opening accounts for clients, accepting clients' commis-

sion, executing transaction instructions, providing consultancy, paying and receiving market margins, checking and examining trading business, etc. shall acquire "Licence of Brokers of Treasury Bond Futures" issued by the institution with the authorization of the CSRC. Anyone without a licence shall not engage in treasury bond futures trading and other related business.

The treasury bond futures broking institution shall bear full civil responsibility for the broking actions of staff members in its employment.

Article 51 The treasury bond futures broking institution shall strictly separate proprietary business from the broking business in terms of personnel, accounts, channels for executing trading instructions, etc.

Article 52 The CSRC has the authority to dispatch officials to check treasury bond futures trading business, financial situations, all kinds of trading records and documents, accounting books, and other related materials of the treasury bond futures broking institution.

Article 53 The treasury bond futures broking institution shall submit on time, as stipulated by the CSRC and MoF, business reports and statements concerning treasury bond futures trading, and, submit business report and the following financial statements audited by a certified public accountant or auditor within three months from the end of each financial year:

1. Assets and liability statement;
2. Profits and loss statement;
3. Statement on alterations to financial position.

Chapter V. Legal Liability

Article 54 Investigations and punishment of organizations or individuals who have violated the procedures shall be performed by the CSRC or by the CSRC and other departments jointly if the necessity arises.

Article 55 Treasury bond futures exchanges which have violated the procedures shall be subject to either one, or several concurrently, of punishments, warnings, notification of criticism, confiscation of illegal earnings, fines ranging from 100,000 to 3 million yuan, and suspension or termination of their rights to deal in treasury bond futures, according to their violations which can be detailed separately as follows:

1. To have formulated rules for dealing in treasury bond futures against Article 8 herein, or to have failed to submit the formulated or revised rules to the CSRC for approval;
2. To have disclosed market information against the procedures, or to have purposely spread false information

which will either mislead market trends or bring about detrimental consequences;

3. To have retained, against the rules, or to have misappropriated the risk funds;
4. To have failed to comply with the relevant rules formulated to control the members' acts in treasury bond futures transactions;
5. To have misappropriated deposits paid by the members;
6. To have failed to keep transaction records as required by rules;
7. To have refused to help the CSRC, the MoF and other departments concerned to perform investigations and/or to mete out punishments against the violators in the treasury bond futures transactions;
8. To have disclosed transaction secrets of the members;
9. To have obliterated or falsified transaction records, financial statements, accounts or other documents or materials regarding the settlement of futures or guarantees;
10. To have conducted false or under-the-table transactions;
11. To have allowed members to deal in treasury bond futures even when they are known to be overdrawn;
12. To have induced by dishonest methods members or their representatives to place excessive orders; or
13. To have violated the procedures in other ways.

According to the violations listed above, the person in charge and other people concerned who are responsible for the breaches shall be subject to either one or several punishments concurrently such as warning, notification of criticism, and fines between 10,000 and 100,000 yuan. The treasury bond futures exchanges involved shall be ordered to dismiss persons whose violations are of a serious nature.

Article 56 The treasury bond futures broking institutions shall be subject to one or several punishments concurrently ranging from warning, notification of criticism, confiscation of illegal earnings, fines between 50,000 and 1 million yuan, suspension of business for reorganization, and the suspension or termination of the institutions' right to handle treasury bond futures if they have:

1. Violated the regulation specified in Article 41 herein by embezzling the deposits of clients or by misappropriating the funds between different accounts;
2. Struck balances under the table;
3. Entered into agreements with clients privately on sharing benefits or risks;
4. Failed to separate commission transactions from proprietary business, as required by the rules and regulations;

5. Handled transactions by utilizing clients' accounts or names;
6. Cooked up and spread false information on purpose;
7. Obliterated, falsified, or traded various vouchers or documents on transactions;
8. Disclosed matters regarding clients' authorization or other related information;
9. Accepted full authorization from clients;
10. Failed to trade according to clients' instructions;
11. Conducted false or under-the-table transactions;
12. Conspired to gain unlawful benefits or shift risks by mustering superior funds, trading jointly, or controlling the price level of treasury bond futures;
13. Refused to assist the CSRC in conducting investigations and/or meting out punishment against violators in futures transactions;
14. Allowed clients to participate in treasury bond futures even when they are known to be overdrawn;
15. Allowed legal entities to open accounts in the name of a natural person, or vice versa, to deal in treasury bond futures;
16. Traded for those who have not opened accounts; or who have
17. Violated the procedures by doing illegal things not listed above.

The person in charge or other people concerned who are responsible for the violations shall be subject to either one or several punishments concurrently such as warning, notification of criticism, confiscation of illegal earnings, and penalties between 10,000 and 100,000 yuan. The institutions handling treasury bond futures shall be ordered to dismiss persons whose violations are of a serious nature and to revoke their "Licence of Brokers of Treasury Bond Futures."

Article 57 Any exchanges which trade contracts on treasury bond futures without the approval of the CSRC and MoF shall be ordered to stop within a specified period of time dealings in treasury bond futures, hand in all the illegal earnings, and pay a fine of between 100,000 and 3 million yuan.

The person in charge and other people concerned who are responsible for the violation described shall be subject to either one or several punishments concurrently such as warning, notification of criticism, and fines between 10,000 and 100,000 yuan. The institution concerned shall be ordered to dismiss the violator if his case is of a serious nature.

Article 58 Any institution which handles broking of treasury bond futures without the approval of the CSRC shall be ordered to stop the said business within a specified period of time, hand in all illegal earnings, and pay a fine of between 100,000 and 1 million yuan.

The person in charge and other people concerned who are responsible for the violation described shall be subject to either one or several punishments concurrently such as warning, notification of criticism, and a fine of between 10,000 and 100,000 yuan. The institution concerned shall be ordered to dismiss the violator if his case is of a serious nature.

Article 59 The treasury bond futures exchanges are entitled to comply with their articles of association, business rules and membership regulations to mete out punishments to its member institutions or their representatives who have violated the transaction rules for treasury bond futures.

Article 60 In cases where violations of the procedures have led to the losses to others, the violating individuals or organizations shall be liable for civil compensation according to the law.

Article 61 In cases where the violators of the procedures have been proved culpable, the judicial department shall give the related violators criminal sanction according to the law.

Chapter VI. Miscellaneous

Article 62 Once announced effective, the procedures shall prevail in cases where the existing rules and regulations governing treasury bond futures conflict with this document.

Article 63 The regulations governing participation in treasury bond futures by China-based foreign-invested enterprises shall be formulated by the CSRC in collaboration with other departments concerned.

Article 64 The right to interpret the procedures is vested in the CSRC.

Article 65 The treasury bond futures exchanges and the treasury bond futures broking institutions specified herein shall not only be subject to the control of the procedures but should also observe the provisions stated in the laws and administrative rules governing futures and securities markets.

Article 66 The procedures become effective on the very day they are promulgated. [Signed] The China Securities Regulatory Commission

The Ministry of Finance of the PRC [Dated] 23 February 1995

BOC '94 Annual Report Shows Pre-Tax Profit

HK0706064895 Hong Kong HONGKONG STANDARD in English 6 Jun 95 p 5

[By Liu Weiling: "Bank of China Turns in Top Profit"]

[FBIS Transcribed Text] The Bank of China [BOC] was the most profitable Chinese bank last year, with a pre-tax profit of 12 billion yuan [RMB] (\$1.445 billion), its annual report shows.

The figure is up 22.5 percent from the previous year.

Total assets reached 1.8379 billion yuan (\$221.4 million) at the end of 1994, a 60.68 percent increase from a year earlier.

The report, released yesterday, attributed the bank's strong performance to expanded reforms, strengthened management and steady the development of business both at home and abroad.

Overseas affiliates, which account for 28 percent of the bank's total assets, contributed 15 per cent of last year's profit.

The unification of the country's dual-track foreign exchange rate system at the beginning of last year also boosted profit for the bank, the country's major foreign exchange dealer. Profits were weak at most of the country's other big banks, which mainly handle renminbi business.

Before the official exchange rate was abolished on January 1, 1994, the official rate was 5.7 yuan to the US dollar, while the rate on the foreign exchange swap markets was 8.7 yuan. The exchange rate was 8.3 yuan yesterday.

The bank raised a total of \$4.26 billion in foreign exchange last year in the US, Japanese and German capital markets.

Its individual foreign exchange deposits also climbed to \$11.8 billion at the end of last year, up 29 percent from the end of 1993.

Private renminbi savings increased a record 44 percent in 1994 to reach 294.9 million yuan (\$35.5 million).

Meanwhile, to meet the increasing demand for capital spurred by the country's robust economic growth, the bank adjusted its credit structure in line with the country's industrial and credit policies.

Priority was given to key State industries, enterprises and projects.

Outstanding renminbi loans totalled 360.9 billion yuan (\$43.5 billion) at the end of last year, up 17 percent from a year earlier. Outstanding foreign exchange loans

and investment stood at \$52.2 billion, a 1.94 percent rise.

The report said the loans contributed substantially to the hefty growth of China's exports and the development of foreign-funded joint ventures last year.

The bank's overseas business developed steadily despite severe fluctuations in international financial markets. This was attributed to tightened management and meticulous operations.

Total assets of the bank's overseas affiliates rose 16.5 percent last year. Deposits increased by 18.9 percent and loans by 17.4 percent.

The bank has 512 overseas subsidiaries with 20,000 employees.

With the approaching of Hong Kong's return to Chinese sovereignty in 1997, the Hong Kong branch of Bank of China became the third bank in Hong Kong to issue Hong Kong currency last May.

This is beneficial not only to the stabilization of the Hong Kong financial market but also to the smooth transition of Hong Kong, the report said.

The Macao branch of the bank is expected to begin issuing Macao currency in October this year.

Preparation work for the issuance is now in full swing.

First Quarter Tax Revenue Tops 100 Billion Yuan

HK0706064195 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0657 GMT 25 Apr 95

[Report: "China's First-Quarter Business Tax Revenue Exceeds 100 Billion Yuan for the First Time"]

[FBIS Translated Text] Beijing, 25 Apr (ZHONGGUO TONGXUN SHE)— China's business tax revenue in the first quarter of this year topped 100 billion yuan for the first time. The business tax income totalled 103.83 billion yuan, an increase of 26.8 percent over the same period last year.

Of the national business tax revenue in the first quarter, the central-level income was 55.64 billion yuan, representing a growth of 22.3 percent over the corresponding period last year; the local-level revenue was 48.19 billion yuan, up 32.4 percent over the same period last year.

Among China's state taxes, value-added tax and consumption tax revenues have also increased significantly. The domestic value-added tax income reached 49.55 billion yuan, an increase of 16.5 percent over the same period last year; domestic consumption tax revenue

amounted to 8.78 billion yuan, a rise of 84 percent over the same period last year.

Moody's Downgrading Shows 'Misunderstanding'

*HK0706064695 Beijing CHINA DAILY in English
6 Jun 95 p 4*

[By Fu Jian: "Banks Assuming Responsibility For Operations"]

[FBIS Transcribed Text] Disciplined by bank laws while firmly supported by the government, Chinese banks will steadily improve their credit level during their transformation into commercial banks.

The four largest banks: the Bank of China, the Industrial and Commercial Bank of China, the People's Construction Bank of China, and the Bank of Communications, will grow in strength and retain their leading roles in the nation's financial system.

"The banks, being given the right to decline administrative interference and gaining responsibility for their operation, will learn to better organize their businesses and avoid losses through practical experience," said Tang Xu, a research fellow with the Financial Research Institute under the People's Bank of China (PBOC), the central bank.

The ongoing financial reform will put the banks into a commercial tier and make them fully responsible for their own operation. They are required by the Commercial Bank Law, issued on May 10, to balance accounts through their own efforts.

This will have no negative effect on the quality of their assets, but rather encourage them to improve their management, according to Tang.

After the banks' transformation, the State and State-owned enterprises remain owners of the large banks and will continue to support them, said a recent announcement of the PBOC.

The announcement was issued in response to the downgrading of credit ratings of four Chinese banks made by a US consulting company.

Moody's Investors Services Inc said the reason for the downgrading was that China's current financial reforms will change relations between the government and banks and affect the quality of bank assets.

"Bank commercialization does not mean the banks will lose support of the government and the central bank," Tang said, "The government is responsible for stabilizing national finance, and the central bank is still the credit granter to large commercial banks."

Unlike privately-run financial institutions, large State-owned commercial banks will still receive steady support, including credit granting, from the central bank, after the Commercial Bank Law is put into effect on July 1.

With the deepening of financial and enterprise reforms, the quality of the banks' assets will be improved as bad debts are cleared from their accounts, said Tang, director of the research institute's graduate school.

Large numbers of bad debts have hindered the banks' operation since they were directed to grant loans to low-efficiency State-owned enterprises under the planned economic system.

The problem became evident in recent years as enterprise reform revealed loss-making plants and drove them to bankruptcy.

This year the bankruptcy of enterprises has been put on trial nationally, thus the banks have to face a significant loss in assets due to debts owed by such enterprises that are unrecoverable.

"Though the reduction of assets will bring about difficulties to the banks' operation, it is, on the other hand a good thing to the banks because the hidden risk to their credit has been uncovered," Tang said.

"After deducting the bad debts, the banks can assess risk and take responsibilities on a solid credit basis. They will be able to organize businesses better after they recalculate their strength."

To guarantee their credit level, the State-owned commercial banks have increased their cash reserves to endorse payment to domestic and overseas depositors.

"The financial situation of a country is a mirror of its economic development. The better the economic situation is, the safer the financial assets are," said Tang.

"Since China has been achieving rapid economic development in recent years, no doubt the financial situation has also improved much."

The Moody's downgrading of the four large Chinese banks is obviously contradictory to the real situation, indicating its misunderstanding of the situation in China, Tang said.

Foreign Trade & Investment**MOFTEC Investment Symposium Held in Hong Kong****Symposium Opens 6 Jun**

*OW0606135595 Beijing XINHUA in English
1257 GMT 6 Jun 95*

[FBIS Transcribed Text] Hong Kong, June 6 (XINHUA) — 95' China (Hong Kong) Investment Symposium, an event aimed at promoting the economic cooperation between Hong Kong and the Chinese mainland, opened here today at the Hong Kong Exhibition Center.

Organized by the Chinese Ministry of Foreign Trade and Economic Cooperation [MOFTEC], the three-day event has drawn hundreds of participants from 16 provinces and cities in the Chinese Mainland as well as representatives from two ministries.

A total of 500 projects ranging from large-scale infrastructure facilities to food industry were offered at the symposium for the choice of overseas investors and over half of the projects provided are located in the central and west areas of the Chinese Mainland.

The prime objective of the symposium is to encourage more overseas investors especially Hong Kong investors to go and invest in these areas where economic development is less advanced than in the eastern coastal areas of the country, according to a Chinese official in charge of the event.

Currently only less than one out of every eight U.S. dollars invested by foreign businessmen in the Chinese Mainland is placed in the central and west areas of the country, said the official.

The Chinese Mainland has so far absorbed a total of an actual foreign investment of 95.57 billion U.S. dollars, according to the latest official statistics.

As an international financial center, Hong Kong has long been a money source for the Chinese Mainland which desperately needs tremendous funds to back up its ambitious modernization drive.

According to the Hong Kong Trade Development Council (TDC), Hong Kong is now the largest overseas investor in the Chinese Mainland with an accumulated investment there amounting to 401.7 billion HK dollars (51.5 billion U.S. dollars).

The relatively lower operation costs in the west and central areas, coupled with their abundant natural resources among other advantages, will prove an attraction for overseas investors in the future, said an official with TDC.

Gu Yongjiang Addresses Symposium

*OW0606155695 Beijing XINHUA in English
1549 GMT 6 Jun 95*

[FBIS Transcribed Text] Hong Kong, June 6 (XINHUA) — A seminar on China's foreign investment policy was held here today at the Hong Kong Convention and Exhibition Center.

Organized by the Chinese Ministry of Foreign Trade and Economic Cooperation, the one-day event drew the participation of over 300 people, mostly local businessmen.

The seminar was designed to brief the local businessmen on the latest economic development on the Chinese mainland and provide them with policy guidance for entering the Chinese market.

Senior officials from various Chinese departments spoke on a variety of topics centering on the foreign investment on the mainland.

Topics discussed at the meeting included the current foreign investment situation on the Chinese mainland, its policy guiding the taxation on foreign-funded enterprises, and foreign reserves management system as well as the development of its securities market.

Chinese Vice Minister of Foreign Trade and Economic Cooperation Gu Yongjiang encouraged Hong Kong businessmen to invest more in the Chinese mainland, especially in the west and central areas.

According to Gu, by the end of 1994 total actual foreign investment in the west and central areas of the Chinese mainland was only 10.421 billion US dollars, accounting for about one-ninth of the total actual foreign investment in the country.

He said that the Chinese government will adopt various measures to improve the investment environment in the west and central areas so as to woo more foreign investment into these areas to promote the economic development there.

The abundant manpower, mineral, water and tourism resources in the west and central areas, together with their vast potential market, will enable foreign investors to find more development opportunities there, Gu said.

Gu highly praised the effective economic cooperation between Hong Kong and the Chinese mainland in recent years.

He reiterated that China will keep the present social and economic systems in Hong Kong after it resumes sovereignty over Hong Kong in 1997.

Latest statistics show that Hong Kong and the Chinese mainland are still the largest trade partners of each other.

Currently Hong Kong is the largest overseas investor in the Chinese mainland with actual investment there amounting to 401.7 billion HK dollars (51.5 billion US dollars), according to the Hong Kong Trade Development Council.

Official Says No More WTO Talks

HK0706044995 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 7 Jun 95 p 5

[By Dusty Clayton]

[FBIS Transcribed Text] China will not arrange any more talks about its admission to the World Trade Organisation (WTO), a top Chinese trade official says. Ministry of Foreign Trade and Economic Co-operation (MOFTEC) Vice-Minister Gu Yongjiang said China promised to maintain friendly relations with the group's member nations. But he warned WTO members against overestimating China's economic power, emphasising it was still a developing nation.

"Our obligations and responsibilities can only be those of a developing country," he said. "We have no problem with that, but some countries continue to raise inappropriate demands that we cannot possibly meet."

Speaking at a China investment policy symposium in Hong Kong yesterday, Mr Gu said China would pursue economic reforms according to its own time schedule, whether or not the WTO agreed to its entry. "We are not going to make any effort to set up more meetings, but if others do so we'll be pleased to attend," he said. "Whatever happens, we plan to maintain close trade ties with countries in the WTO."

He said China would limit, or at the very least not encourage, foreign investment in industries which already met demand — or manufactured solely for the domestic market.

Senior State Planning Commission official He Jun said investment in cotton yarn, copying machines, washing machines, refrigerators and radio production plants would be discouraged. Priority would be given to foreign investment in basic areas such as agriculture and infrastructure projects, plus industries which are primarily export-oriented.

Both Mr Gu and Ma Xiuhong, deputy director of MOFTEC's foreign investment administration department, said the next step in China's economic development was to shift the focus of foreign investment from the coast to the interior. China was drafting a set of poli-

cies to encourage foreigners to invest in the central and western provinces, which probably would include relaxing restrictions on loans. Interior provinces are poorer and less developed than coastal areas. More than 240 officials from 16 provinces and cities, many from the interior, have accompanied Mr Gu to Hong Kong for a four-day fair at the Hong Kong Exhibition Centre aimed at attracting foreign investment.

MOFTEC Seeks To Draw Foreign Funds Inland

HK0706055295 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0736 GMT 26 Mar 95

[Special feature by reporter Lin Ying (2651 7751): "China Guides Foreign Funds to Central and Western Regions"]

[FBIS Translated Text] 26 Mar (ZHONGGUO TONGXUN SHE)—Since China opened its doors to the outside world 15 years ago, foreign investors have mostly centered their activities in provinces and cities along the southeastern coast such as Guangdong, Fujian, Hainan, Shanghai, Jiangsu, and Zhejiang. This has helped to accelerate the economic development of these coastal areas to a certain extent. By contrast, in the inland provinces, particularly in the central and western regions, foreign investment has been relatively scanty. As a result, the economic development of these parts of the country has been relatively slow. To address this imbalance, the authorities have recently formulated a set of preferential policies to encourage foreign investors to invest in the central and western regions, so as to speed up their economic development.

According to the Chinese Ministry of Foreign Trade and Economic Cooperation, the new policies which aim to attract foreign investment to the central and western regions cover mainly: 1) allowing the central and western regions to adopt the same preferential policies as the coastal areas with regard to foreign investment; delegating to them some of the powers related to examining and approving foreign investment projects; and allowing some large mineral exploitation projects to be gradually open to foreign investment; 2) arranging more loans from foreign governments and international financial institutions for the central and western regions, and granting them more funds in renminbi in the start-up stage to supplement the funding needs of foreign-funded projects in these regions; and 3) allowing foreign investors to have an appropriate share of the profits, for example through reducing or exempting their taxes or reducing their export value-added tax, so as to make their investment in the central and western regions more profitable. Experts believe that the implementation of these new measures will

encourage more foreign investors to go to provinces and cities in the central and western regions to invest.

In fact, in the last two years, the inland provinces and cities have adopted many preferential schemes to attract foreign investment. According to Liu Yimin, Chairman of the Association of Foreign-Funded Enterprises, Guangdong Province now has over 40,000 foreign-funded firms while Fujian has almost 20,000. But he pointed out that labor shortage, rising wages and high capital costs are pushing many foreign-funded enterprises to prepare to move to inland provinces such as Sichuan and Hunan. He also said quite a few foreign investors are starting to invest in the central and western regions where the production costs are relatively low. At the same time, he added, some enterprises in China's southeast are relocating to the low-cost central and western regions, with some capital also flowing in the same direction.

It is understood that the foreign company which pioneered in making large-scale investment in central and west China is Yat Chau Holdings Limited in Hong Kong. The company invested HK\$1 billion in 1993 to build a "California Trade and Business City" in Korgas, Xinjiang, on the border of China and Russia. The project has been making such good progress that some international financial institutions, multi-national companies, and financing syndicates from Hong Kong, Macao, and Taiwan have been drawn to the region. Investments that are of a relatively large scale include a \$125 million loan from the World Bank to finance the project named "Tarim Irrigation and Environmental Protection." Three companies, including U.S. Steel International, a Swiss steel company, and Hong Kong's Sam Wing Resources Ltd., jointly invested \$190 million to mine an iron ore in Dahongshan in Yunnan Province. Japan's Brother Industries Ltd. signed a contract with China's Standard Sewing Machine Company based in Xian early this year to manufacture 236,000 units of advanced industrial sewing machines annually, with the foreign party investing \$30 million initially.

Statistics show that to date investors from more than 100 countries and regions have set up over 40,000 foreign-funded enterprises in the central and western regions. In the last two years, foreign investment as stated on contracts totaled more than \$30 billion, equivalent to the total investment of the last 13 years. In Chongqing, for example, there are 1,858 foreign-funded projects with total contracted investment amounting to \$2.9 billion while pledged investment total \$1.7 billion; in Xinjiang there are 642 foreign-funded projects with investments totaling \$1.5 billion, of which \$500 million are used for infrastructural projects such as highways construction, telecommunications and energy resources.

The injection of foreign funds has greatly improved the local investment climate.

While foreign funds have been flowing into the central and western regions, the funds of enterprises in coastal provinces have also started to move to the west, seeking development opportunities. For example, Shanghai has signed an investment agreement with Yunnan, while Jiangsu has signed investments with Xinjiang, Shaanxi, and Gansu. Guangdong has decided to invest in Shaanxi to produce natural gas, coal, and construction materials. Provinces and cities including Tianjin, Shandong, Zhejiang, and Fujian have also devised their respective plans for "Entering the West," and have established a number of township and town enterprises as well as some east-west cooperative projects and demonstration zones.

To date, coastal provinces and cities have invested in more than 100 big projects in the central and western regions, of which over a dozen involve investment of more than 100 million yuan. In addition, provinces and cities including Shanghai, Guangdong, Beijing, and Tianjin have decided to relocate some of their textile industries to the cotton-producing region of Xinjiang in the next five years. This will raise Xinjiang's present yarn production capacity of one million spindles to over two million spindles. Some coastal provinces and cities have also invested in projects to tap energy resources in provinces such as Sichuan and Guizhou so that coal gas and electricity produced inland can be exported to the east for use.

MOFTEC Rules for Foreign Freight Forwarders

*HK0706063695 Beijing GUOJI SHANGBAO
in Chinese 19 Mar 95 p 2*

[*"Procedures for Vetting and Authorizing Foreign-Invested International Freight Forwarding Agent"; promulgated by the Ministry of Foreign Trade and Economic Cooperation on 22 February 1995*]

[FBIS Translated Text] Article 1. These procedures have been formulated in accordance with the relevant state laws, rules and regulations, and management provisions concerning foreign-invested enterprises.

Article 2. In these procedures, a foreign-invested international freight forwarding agent [FIFFA] is a foreign-invested enterprise entrusted by a consigner or consignee of imported or exported cargoes to tranship internationally these cargoes and to handle any other matters arising therein in the name of the consigner, the consignee, or the forwarder itself.

Article 3. The PRC Ministry of Foreign Trade and Economic Cooperation (hereafter abbreviated MOFTEC) is

the administrative organization responsible for vetting and authorizing FIFFAs.

Article 4. The opening of a FIFFA should benefit the development of foreign trade and help foster fair competition.

Article 5. Foreign investors have the option of setting up a FIFFA as a joint venture or as a contractual joint venture.

Article 6. The minimum registered capital required of a FIFFA is:

- (1) \$1 million for shipping operations;
- (2) \$800,000 for air cargo operations;
- (3) \$600,000 for land transportation operations;
- (4) a FIFFA should increase its registered capital as rendered necessary by engaging in two or more of the above operations.

Article 7. The maximum operating term for FIFFAs is 20 years.

Article 8. Upon authorization, a FIFFA can operate part or all of the following business:

The international freight forwarding of trade and non-trade imports and exports by way of land, sea, or air, including:

Cargo collection, underdeck compartment reservations and leasing, chartering of ships or planes, international multi-form joint carriage, warehousing, loading and unloading of containers, drafting shipping documents, issuing and dispatching bills of lading, customs clearance, petitioning for verification and inspection, taking out insurance, and the settlement of transport and miscellaneous fees.

Article 9. Chinese and foreign investors petitioning for FIFFAs must qualify for the conditions set by relevant state laws, rules, and regulations on foreign-invested enterprises and, further, meet the following requirements:

(1) Chinese or foreign firms investing in FIFFAs must be involved in businesses related to international freight forwarding.

(2) The investors themselves must have at least three years of experience in the field, a pool of operating and managerial staff and professionals, stable sources of consignments, and an agent network of some scale.

Article 10. The establishment of FIFFAs goes through the same procedure that governs the establishment of foreign-invested enterprises as laid down by current state laws, rules, and regulations and is reported to

MOFTEC for vetting and authorization. If approval is granted, a "Foreign-invested Enterprise Authorization Certificate" and a "FIFFA Authorization Certificate" will be issued by MOFTEC.

The Chinese party, after securing an authorization certificate from MOFTEC, may proceed with registering itself as a legal corporate body with the industrial and commercial administrations.

Article 11. If business expansion requires, a FIFFA may petition to open branches in other locations within the country after one year in licensed operation, provided that the capital pledged by all investing parties has been committed in full.

The MOFTEC office where the FIFFA is located shall conduct the initial study of the FIFFA's petition, consult with the MOFTEC office at the location of the proposed branch office, and, if its consent is obtained, submit the petition to MOFTEC headquarters for vetting and authorization.

A FIFFA petitioning for a branch office needs to submit the following documents:

1. A report forwarded by the MOFTEC office where the petitioning FIFFA is located and a letter of consent from the MOFTEC office at the location of the proposed branch office;
2. A resolution by the FIFFA's board of directors establishing the branch office;
3. A report on the status of the FIFFA's business operations, reasons for a branch office, and a feasibility study of the office.
4. An asset attestation report.

A FIFFA intending to set up a branch office should increase its registered capital proportionally. The scope of operations for the branch office should stay within the freight forwarding field of the head company.

Article 12. FIFFAs invested by companies, enterprises, and other forms of economic organizations or individuals in Hong Kong, Macao, and the Taiwan region are handled in reference to these procedures.

Article 13. These procedures go into effect on the date of their promulgation.

RENMIN RIBAO on 'Enhancing' IPR Awareness
HK0706054795 Beijing RENMIN RIBAO in Chinese
17 Apr 95 p 5

[Article from "New Words" column by Chen Zujia (7115 4371 3946): "Enhancing the Awareness of Protecting Intellectual Property Rights"]

[FBIS Translated Text] I heard from an entrepreneur that the software industry in Beijing had established a union for protecting intellectual property rights (referred to as the "China Software Union" for short). Launched by 12 software enterprises, the union is China's first non-governmental organization for protecting intellectual property rights. Its establishment indicates that entrepreneurs have enhanced their awareness of protecting their own intellectual property rights and that China has made new advances in protecting intellectual property rights.

In the course of the reform, opening up and establishing a market economy, a number of new things will certainly appear before the public. Intellectual property rights is one of them. The results of creative intellectual work achieved in science, technology, culture and the arts are not only of value but also have use-value, and thus, like other commodities, can enter the market for fair competition. Producers of intellectual results own their property rights and should be protected in the sphere of circulation. Indeed, this is a new thing for the general public in China.

However, there are always obstacles on the road to advancement. A small number of people who place money above anything else and resort to malpractice always try, by hook or crook, to pick up the fruit of intellectual results. Consequently, those infringing on patent rights have cropped up, those using fake trademarks or trademarks of others have come on stage, and those publishing pirated books and turning out pirated audio and video products have made their appearance. Hence, the issue of protecting intellectual property rights has arisen. To deepen the reform, open wider to the outside world, and establish a market economy, we cannot avoid this important work.

Who is responsible for protecting intellectual property rights? It goes without saying that first of all the state formulates laws to protect these rights. While establishing a market economy, over the past 10 years and more China has formulated a set of basically complete laws to protect these rights. Judicial departments in Beijing, Shanghai, Guangzhou, and other cities have set up special courts, which have so far tried over 6,000 cases involving the protection of intellectual property rights. Relevant departments have launched coordinated cam-

paigns to deal a heavy blow to those using fake trademarks or turning out pirated audio and video products. Nevertheless, if we lack the awareness of self-protection, even the laws for the protection of intellectual property rights will be of little use.

Owing to historical reasons, the traditional idea that "the gentleman pays heed to justice while the small person attaches importance to money" has been deeply rooted in the minds of Chinese intellectuals for a long time. They feel ashamed to say that intellectual advances have property rights. Quite a few have little knowledge of already-promulgated laws and regulations governing the protection of intellectual property rights. A survey of the patent question conducted last year by the Chinese Academy of Sciences among scientists, researchers, and managerial staff showed that some did not know what a patent was or how long a patent is protected. Some did not know how to apply for patents, others thought application procedures too complex for them to handle, and still others said that patents had nothing to do with them. As a result of the dim awareness of self-protection, a number of intellectual advances have unjustifiably flowed into the hands of others, some have been given away by people with good intentions to foreigners, copyrights have been infringed, and pirated books, magazines, and audiovisual products have appeared on the market. But holders of intellectual property rights look weak and feeble in the face of infringements.

The late Premier Zhou Enlai made a well-known remark: "One is never too old to learn." Obviously, it is necessary for our scientists, inventors, designers, entrepreneurs, and artists to take it as an urgent task to enhance their self-protection awareness of intellectual property rights. This is also an indicator of the quality of intellectual workers. Only through cooperation between holders of intellectual property rights and judicial and administrative departments is it possible to curb and crack down on the infringement of such rights, maintain a normal social order, and make sure that the reform and opening up proceed smoothly and the market economy steadily thrives.

PC Smuggling Harms Domestic Industry, Investment

HK0706054995 Beijing GUANGMING RIBAO in Chinese 28 Mar 95 p 4

[Article by staff reporter Qu Guanjie (2575 0385 2638): "Halting the Smuggling of Personal Computers"]

[FBIS Translated Text] Recently, we have often heard news that the once-booming Zhongguancun Electronics Street in Beijing is becoming increasingly sluggish. And

the high-tech street in Chengdu is turning into a street lined with shops and restaurants. China's computer industry and market that grew vigorously a few years is now shrinking steadily. Why is all this?

One reason for the above phenomenon is that a lot of Chinese computer companies could not resist the fierce offensives of competition launched by big foreign companies and thus were defeated. Another reason is covert, i.e. smuggling.

Statistics released by customs show that only 24,432 personal computers, including 13,163 computers in complete parts, were imported via customs in the first half of 1994. Meanwhile, Chinese manufacturers planned to build 46,000 units. The figures amounted to 70,432 units. But during that period, 290,000 units were sold on the domestic market. This means that about 220,000 units entered the Chinese market through smuggling or without going through the normal tax-paying channels. This alone caused the government to lose nearly 1.4 billion yuan in tariff revenue. Furthermore, the smuggling of printers, scanners, work stations, and other computer-related products caused the government to lose at least an additional one billion yuan in tariff revenues. The two kinds of losses amounted to nearly 2.5 billion yuan.

The smuggling of cars in Hainan a few years ago caused quite a stir, the number of video recorders smuggled later was even more startling, and currently computer smuggling is becoming increasingly rampant. The serious consequence of computer smuggling is that it not only causes the government to lose huge amounts of tariff revenue, but also plays an enormous role in destroying China's national computer industry and investment environment.

Computer smuggling strikes directly at the national computer industry. Since China initiated the policy of reform and opening up, its computer industry has grown gradually, under difficult conditions, and has made strides in terms of development and production. For instance, great progress has been made in increasing the ratio of domestically-produced parts used in a number of products. A number of products once occupied a leading position in the market for their low price, good service, and advantage in applied techniques. Over the past few years, however, the increase in computer imports and in the number of computers smuggled have pushed down the market share of domestically-made personal computers. The share slipped to just 15.8 percent in the first half of 1994. If this trend continues, production of whole computers in China could possibly come to a complete stop.

Moreover, an indirect consequence of smuggling is the deterioration of the investment environment. Since 1993 large numbers of foreign companies have invested in setting up joint ventures in China. Meanwhile, we have imported technology and foreign funds to form a major whole-computer production and assembly capacity. We can also organize development and production of mother boards, function cards, cases, and supporting products to lay the foundation for the growth of China's computer industry. But rampant smuggling has made foreign companies, which have built factories in China, feel that they are unable to win in the competition against smuggled goods by legitimate operational means in the Chinese market. So they have adopted the method of "exports first and imports later" or have even shifted production overseas.

In addition, smuggling has caused chaos in the personal computer service and accessories market and even brings in computer viruses. We have to be alert about this.

The damage caused by personal computer smuggling is so serious as to upset and draw the attention of far-sighted persons. Relevant departments have made investigations in this regard and have formulated countermeasures. Zhang Ting, former minister of the electronics industry and a member of the Standing Committee of the National People's Congress, expressed the view that it is now an urgent task to promptly halt the rampant smuggling of personal computers in order to expand the national computer industry.

SPC Rejects Investment in Sichuan Expressway

HK0706061295 Hong Kong TA KUNG PAO
in Chinese 27 Mar 95 p B6

[Special dispatch by staff reporter Jiang Zhaoyong (5592 0340 0516): "State Planning Commission [SPC] Does Not Approve New China Hong Kong Group's Plan To Invest in Chengdu Expressway"]

[FBIS Translated Text] Chengdu, 26 Mar—A source in Sichuan Province disclosed: National highways, especially expressways, are the kind of infrastructural facilities that are currently not allowed to be purchased, sold, or transferred. An authoritative person who declined to be named said so when this reporter asked if any Hong Kong businessmen had purchased the rights to use the Chengyu Expressway.

Meanwhile, when asked about Hong Kong-based New China Hong Kong Group's plan to invest in the construction of the Chengdu-Mianyang Expressway, Ren Jiayin, deputy director of the Sichuan Provincial Economic and Trade Commission, confirmed: This project

has been shelved. The contractual terms of the Chengdu-Mianyang Expressway have been approved by the Ministry of Foreign Economic Relations and Trade. However, the State Planning Commission did not give approval to them. It is understood that the construction of the project has already started.

It is learned that New China Hong Kong Group is also in discussion with the Sichuan side on investing in an expressway running from Chengdu to Leshan.

Moreover, according to a CHENGDU KEJI SHANG-BAO [Chengdu Technology and Commercial Press] report, a person from the Sichuan Provincial Communications Department said: It is true that in light of the shortage of capital, attempts have been made to sell the Chengyu Expressway and to set about assessing state-owned assets and making contact with potential investors outside the border. However, given that the state has not opened up this field, the sale of the expressway has not yet materialized. The Sichuan Provincial Communications Department is placing hopes on launching B share issues or achieving breakthroughs in attracting funds for other projects. This move is aimed at mitigating the contradiction in a severe shortage of funds for highways in Sichuan.

In another development, by the end of 1994, the whole province of Sichuan had approved an aggregate of 5,442 foreign-funded enterprises involving \$6.2 billion in contracted foreign funds, of which \$1.79 billion has been put to use. Among 18 provinces in the central and western regions, Sichuan ranks first in terms of using foreign funds, although it accounts for only 3 percent of the country's total. Funds from Hong Kong make up 60 percent of Sichuan's use of total foreign funds.

At a press briefing held by the provincial government last week, Ren Jiayin, deputy director of the Sichuan Provincial Economic and Trade Commission, said: To foreign investors, Sichuan's soft investment environment has been improving. However, he also frankly pointed out: Foreign investors in Sichuan have a great deal of grievances, especially about the collection of some fees. For example: They are charged an additional 50 percent for staying in foreign-related hotels and for posts and telecommunications services. Charging foreign investors another 100 percent for the same four-wheeled vehicles is still justified. However, it is totally not reasonable to charge foreign-funded enterprises an additional 100 percent because foreign-funded enterprises are not foreign enterprises but are legal entities of the state and should enjoy the treatment received by state enterprises.

Shanghai Use of Overseas Investment Detailed

*OW0706035295 Beijing XINHUA in English
0200 GMT 7 Jun 95*

[FBIS Transcribed Text] Shanghai, June 7 (XINHUA) — From January to May this year, Shanghai, China's leading industrial center, used 3.769 billion US dollars in overseas investment in 1,300-plus projects.

The amount of investment was a decrease of two percent over the same period last year, but observers here noted that the use of overseas investment has become more effective.

Investment from Japan, the United States, Singapore, Britain and Taiwan rose by big margins, while that from Hong Kong, so far still the biggest investor in the city, shrank.

During the January-May period, capital from Hong Kong added up to 1.177 billion US dollars, down 54 percent over the same period of last year. This alone brought the overall overseas investment down.

In sharp contrast, Japanese investors took second place by injecting 630 million US dollars into Shanghai, a 70-percent jump over the first five months of 1994.

By the end of May Japan had financed 1,300-odd projects in Shanghai, involving a total of 2.563 billion US dollars. It has become the third-largest foreign investor in this Chinese city, after Hong Kong and the United States.

Statistics show that overseas investment in Shanghai is mostly flowing into the manufacturing sector, which has absorbed 66 percent of the total so far this year.

Heihe Hosts Sino-Russian Trade Fair

*OW0606133195 Beijing XINHUA in English
1228 GMT 6 Jun 95*

[FBIS Transcribed Text] Harbin, June 6 (XINHUA) — A Sino-Russian commodities fair opened today in Heihe, a border city in northeast China's Heilongjiang Province.

More than 500 businessmen from 50 Russian companies are attending the fair, as well as representatives from 30 Chinese provinces and cities.

Market investigations and trade talks will be held during the fair.

The border economic co-operation zone in Heihe will give preferential treatment to strengthening Sino-Russian trade ties. Related policies will be mapped out to encourage businessmen from both countries to

develop the economy of Dahei Island, which lies in the middle of the Heilongjiang River.

Motorcycle Producer Records Sharp Rise in Exports

*OW0706035595 Beijing XINHUA in English
0154 GMT 7 Jun 95*

[FBIS Transcribed Text] Jinan June 7 (XINHUA) — The China Scooters and Motorcycles Group, one of the ten largest in the world, recorded a sharp rise in export volume this year.

The group exported over 4,900 vehicles during the first three months of this year, up 96 percent over the same 1994 period, statistics show.

The export volume in April alone hit more than 5,100, with the products exported to more than 30 countries and regions.

According to Zhang Jialing, president of the group, his group is expected to export 100,000 vehicles and earn more than 20 million US dollars in foreign currency this year.

The president attributed the boom to the improved quality of the products, the broadening of overseas markets and intensified efforts by sales people abroad.

To get a bigger share of the overseas market, the group has established six branches in countries such as Japan and Argentina, and set up business relations with 39 countries and regions.

This year the group took the lead in the country to export motorcycles to the United States and Germany, the president said.

Agriculture

Wen Jiabao Speech at Rural Work Conference

*HK0606035295 Beijing RENMIN RIBAO in Chinese
9 May 95 p 2*

[Article by Wen Jiabao: "Unifying Understanding and Vigorously Grasping Implementation To Raise Rural Work to New Heights"; part of concluding speech delivered by the writer at the Central Rural Work Conference; date not given]

[FBIS Translated Text] The party Central Committee has always emphasized the importance of agriculture and rural work. Since the 14th CPC Congress, the party Central Committee has called three meetings on rural work, put forward in explicit terms two major strategic tasks for China's current agriculture and rural economic development to ensure effective supply and enhance the income of peasants, and drawn up a series

of policies and measures to boost agriculture. From a general point of view, the major tasks are as follows: First, efforts should be made to stabilize and improve the party's basic rural policies and protect and arouse the initiative of peasants. Second, it is imperative to deepen rural reform and establish a rural economic system in conformity with the socialist market economic structure. Third, steps will be taken to solve major problems arising during agricultural development, provide support for the production of grain and cotton, and ensure effective supplies. Fourth, it is necessary to boost the rural economy in a comprehensive way to increase peasant incomes. And fifth, efforts should be taken to increase investment in agriculture, vigorously invigorate agriculture by applying scientific and technological advances and promoting education, and enhance the comprehensive productive capacity of agriculture. In addition, in accordance with the principle of attaching equal importance to rural economic development on the one hand and to the development of socialist culture and ethics on the other, the party Central Committee has called special meetings and put forward new tasks for reinforcing the work of rural grass-roots organizations, improving all facets of public security in rural areas, and promoting socialist culture and ethics. All these have constituted an overall arrangement for rural work. Practice has proved that the tasks, policies, and measures mentioned above conform to Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, accord with the requirements of reform, opening up, and the modernization drive, tally with the realities of rural areas, and are in keeping with the aspirations of peasants. One important task of the rural work during the present period is to seek unity of thinking, reinforce leadership, do solid work, fulfill the tasks and requirements currently facing us, and carry through relevant policies and measures with tangible results.

First, we should take earnest steps to reinforce the status of agriculture as the foundation. A stable development of agriculture is the foundation for achieving long-term and stable development of the entire national economy. During the entire process of modernization, the basic status and strategic roles of agriculture are unalterable. Since China's agriculture still remains at a backward level with unstable growth, it is a particularly urgent and important task at this time to strengthen agricultural construction. China is a populous country with insufficient arable land. This is one of the basic national conditions of the country. Therefore, attaching importance and giving priority to the development of agriculture has become an important guiding principle for China's building of socialism with Chinese characteristics. An evident problem during the present period is

that with a weak and fragile basis and lagging development, agriculture has become the weakest link in the entire operation of the national economy and is no longer capable of sustaining high-speed economic growth. We must pay close attention to this problem. Failure to solve the problem with effective measures will exert an adverse impact on agriculture and will eventually hinder the healthy development of the entire national economy. Therefore, we must adopt earnest measures to reinforce the status of agriculture as the foundation, and place agriculture in the first place in our economic work. On the issue of boosting agriculture, there exists the question of whether we really have the desire and eagerness to do so. If yes, we must take the initiative in handling well the relationship between industry and agriculture, make up our mind to readjust the distribution pattern of national income, increase investment in agriculture, and consolidate the foundation of agriculture. Ours is a developing country, therefore we must try to prevent agriculture from declining during the process of industrialization, and avoid making an overall readjustment to the national economy as a result of lagging agricultural growth.

Second, we should work hard to fulfill the two major strategic tasks of ensuring effective supply and increasing the income of peasants. To successfully fulfill the two tasks, one fundamental way is to promote production. Making a success of the "shopping basket" and "rice bag" projects and ensuring the effective supply of agricultural and sideline products are fundamental tasks of agriculture, and also major sources for increasing peasant incomes. In our efforts to increase the income of peasants, it is the road we must follow to develop township and town enterprises, promote secondary and tertiary industries in rural areas, and invigorate the rural economy in a comprehensive way. We must attach great importance to grain production, striving to push grain output to new heights in the coming six years. This is an objective requirement for maintaining social stability and a basic condition for fulfilling the strategic targets by the end of this century. Meanwhile, we must also make rational readjustments to the urban-rural economic setup and the rural industrial structure, vigorously develop a diversified economy, promote township and town enterprises, and incorporate efforts in this aspect into our endeavor to boost and support grain production. Paying close attention to grain production and vigorously developing a diversified economy has long been the party's basic principle guiding rural economic work. We must be aware that if something could go wrong with our economy in the 1990's, it might be in the agricultural sector, of which grain is the main focus. Failure to make a success of grain production will exert an adverse impact on the country's stability and

development, and even hinder the self-reliance and rejuvenation of the Chinese nation. In a bid to make rational readjustments to the rural industrial structure, master the weight of structural readjustment, and develop a diversified economy, we must base our efforts on the exploration and utilization of our existing mountain and water resources, and never take up land sown to grain. To protect agriculture, we should first protect arable land and increase the acreage of grain fields in a steady way. We should never slacken our efforts in this aspect at any time, for it directly involves the fundamental interests of China's agriculture and rural economic development. We must set up basic farmland protective zones, ensure the acreage of land sown to grain, increase both the per-unit-area yield and total output, and realize the goal of enhancing both grain output and revenue.

Third, we should stabilize basic policies and deepen rural reform. It is the party's basic economic policy in rural areas to practice both the contract responsibility system on a household basis with remuneration linked to output and the management system in rural areas whereby unified management is combined with separate management. Since such management systems tally with the present level of rural productive forces in China, accord with the requirements of developing a socialist market economy, and enjoy extensive support from the vast numbers of peasants, they should therefore remain stable and unchanged for a long period of time, and should be improved and perfected on a constant basis. Fundamentally speaking, to resolve existing problems with agriculture, we must further arouse the initiative of hundreds of millions of peasants through reform and kindle the vitality inherent in rural economic development. By stabilizing policies and deepening reform, we aim to arouse the initiative of the vast numbers of peasants, cadres in grass-roots units, and agrotechnicians, and to liberate and develop rural productive forces. To deepen rural reform, we must persistently emancipate our mind and seek truth from facts. We must first respect the wishes and pioneering spirit of peasants, and second respect practice, act in the light of local conditions, and in everything proceed from reality. At present, we should focus our attention on the work of extending the land contract period, improving the system for the transfer of land use rights, and steadily guiding peasants to expand farming on a proper scale in accordance with the local conditions and the wishes of peasants; we will further deepen the reform of the system for the circulation of agricultural products, and accelerate the building of markets for both agricultural products and production elements; and we will establish a new mechanism to link agricultural production with the market, and take the road of facilitating industrialization. Practice has proved that the application of an industrialized

management system in the rural economy is a good way to effectively allocate rural resources and guide peasants to gear their production to the needs of the market; it is also a good way to establish an organic link between agriculture and industry, between rural and urban areas, and between production and consumption. We need to sum up experiences in this aspect, provide positive guidance, and create conditions to spread the practice step by step.

Fourth, efforts must be taken to support and protect agriculture. Building a socialist market economic structure is a target for the economic structural reform which was set at the 14th CPC Congress. Under this target, agriculture and the rural economy should also adapt themselves to the needs of the market. We must also understand, however, that compared with other industries and trades, agriculture has many special characteristics, agricultural production needs a longer production cycle, and with a relatively lower comparative efficiency, it has to endure both risks of both market changes and natural disasters. The fact that China has a large population and insufficient arable land constitutes a major restriction on enhancing agricultural labor productivity. This means that agriculture usually occupies an unfavorable position in market competitions. Therefore, the government must tighten macrocontrol, and provide support and protection for agriculture by economic and legal means, with the help of subsidiary administrative means. This is a major task for the reinforcement of macroeconomic control. Meanwhile, we must also make greater capital, material, and technical inputs into agriculture so as to promote the building of agricultural productive forces. To do this, we should mainly pay attention to the construction of water conservancy works so as to enhance the ability of agriculture to withstand the risk of natural calamities, improve the reservation and transportation, processing, and marketing facilities of agricultural products with an aim to reduce market risks, and reinforce the facilities of science and technology, education, and information with a view to maintaining continued agricultural development. Success in these three aspects can help enhance comprehensive productive capacity, market adaptability, and the scientific level of agriculture. In addition, we need to work out policies, laws, and statutes which are constructive to stabilizing and promoting agriculture, systematize and legalize measures designed to support and protect agriculture, and guide more social resources to flow towards agriculture so as to ensure its sustained development. At present, we must take earnest steps to materialize the policies and measures formulated by the central authorities for the support and protection of agriculture.

Fifth, in rural work, we must uphold the principle of attaching equal importance to rural economic development on the one hand and to the development of socialist culture and ethics on the other, bring about well-coordinated economic and social development to rural areas, and promote comprehensive progress of the entire society. This is an inherent requirement of our target of bringing our people a fairly comfortable life. Leading cadres at all levels should unremittingly adhere to the principle of "paying simultaneous attention to rural economic development and the building of socialist culture and ethics, attaching equal importance to both"; and while firmly focusing their efforts on the central task of developing rural productive forces, make vigorous efforts to reinforce the building of socialist culture and ethics, the building of a democratic and legal system, and the building of organizations at the grass-roots level in rural areas. We should concentrate our efforts on settling major problems and hot issues in rural areas with which the masses are deeply concerned, improve all facets of public security, strengthen the building of village-level organizations with party branches as the core, and extensively carry out activities designed to transform social traditions and customs. We must advocate science and oppose superstitious activities, advocate civilized practices and oppose ignorance, and advocate thrift and oppose extravagance. Cadres at all levels should change their work style, do solid work in a down-to-earth manner, establish close links with the masses, oppose fraud, boasting, and exaggeration, and refrain from resorting to coercion and commandism. It is imperative to strengthen day-to-day ideological and political work, conduct ideological education in patriotism, collectivism, and socialism among peasants in the light of the local situation, and guide peasants to establish the concept of becoming rich through thrift and through patriotic activities. We will enjoy a greater power so long as we engage ourselves in reform and opening up, apply scientific and technological advances, and give play to our political superiorities. In this way, we can surely bring about flourishing development in the rural economy and boost the comprehensive progress of rural society.

Tian Jiyun on Household Contract Responsibility System

HK0606130995 Hong Kong SOUTH CHINA MORNING POST in English 6 Jun 95 p 9

[By Willy Wo-lap Lam]

[FBIS Transcribed Text] National People's Congress Vice-Chairman Tian Jiyun has warned conservative policy-makers against reversing the household contract responsibility system in agriculture.

While touring Jiangsu province recently, Mr Tian, also a Politburo [Political Bureau] member, said conditions were not ripe for collectivisation on a national scale.

He was referring to the recent increase in the number of collective farms, and the trend of merging family plots for grain growing.

The household responsibility system, started in the late 1970s by Deng Xiaoping, divided the old-style communes into family-sized plots and allowed households a large degree of autonomy.

But since the early 1990s, many leaders have re-collectivised farming to promote efficiency and improve communal projects such as irrigation.

Liberal officials including Mr Tian, however, have argued that the collective approach has hurt farmers' enthusiasm.

Mr Tian told Jiangsu cadres the household system was suitable "for the level of development of rural productive forces at the present stage".

He added the "economy-of-scale approach", a euphemism for collectivisation, must not be re-introduced indiscriminately.

Mr Tian also defended village and township enterprises against accusations that they wasted capital and other resources.

Conservative economists also claimed such enterprises evaded taxes and posed excessive competition to state-owned factories and mines.

"Without village and township enterprises, the rural economy will be without a pillar," Mr Tian said.

He also praised private enterprises for their contribution to the economy, saying their share should be boosted.

RENMIN RIBAO on Optimizing Use of Arable Land

*HK0606085795 Beijing RENMIN RIBAO in Chinese
17 Apr 95 p 10*

[Article from "Rural Economy Observation" column by staff reporter Xia Jun (1115 8823): "Appropriate Scale of Operation Is Being Explored"]

[FBIS Translated Text]Background and Significance

Land operation of an appropriate scale has become a "popular topic" of concern in recent years. In fact, as a rural reform experiment, it has been going on in southern Jiangsu, Beijing's Shunyi, Shandong's Pingdu, Zhejiang's Wenzhou, and Guangdong's Nanhai since 1987.

Viewed from the major background, an appropriate scale of land operation is an internal requirement for developing the productive forces and increasing the degree of agricultural marketization. In economically developed areas, a large number of laborers have switched to non-agricultural sectors. However, because land cannot be moved, farmland operation has become the second job or sideline occupation of some peasant households, and the method of operating land on a small scale or as part-time undertakings is not conducive to the development of agricultural production. Data shows that the average size of land cultivated by each household, at 0.42 hectares, is the smallest in the world, and that even that small size of land is often divided into many plots. Given the needs to apply modern science and technology and technological equipment and to raise the comparative benefit of agriculture, the contradiction is increasingly conspicuous.

Experiments conducted by the state departments concerned at pilot project areas show it is necessary to change the method of operating land piecemeal, on a small scale, or as part-time undertakings and gradually move toward relatively concentrated land operation at an appropriate scale because this can raise the land output rate, productivity, and grain commodity rate and increase the income of farmers. It is also of immediate practical significance to economically developed regions, enabling them to stabilize grain production, increase agricultural input, and stabilize the ranks of farmers.

The Key Lies in the Land Circulation Mechanism [tu di liu zhuan ji zhi 0960 0966 3177 6567 2623 0455]

While stabilizing the contract responsibility system on a household basis, with remuneration linked to output, we must realize appropriate scale of land operation through land circulation. Therefore, the speedy establishment and improvement of the land circulation mechanism has inevitably been put on the agenda.

Judging from the conditions in various experimental areas, the land circulation mechanism has been practiced in most places through spontaneous subcontract or paid transfer of land-use right among peasant households. This has been tried out in Zhejiang's Wenzhou, Shandong's Jiaozhou, Sichuan's Fuling, Anhui's Linquan, and Hebei's Yongcheng.

The establishment of the land circulation mechanism is a new subject. Due to the different levels of economic development in rural areas, different degrees of peasants' dependence on land, and their different concepts of land, the practice of land circulation is also different

in various places. But a common and most salient issue among them is how to correctly handle the relationship between the stability of the land contract system and the circulation of land-use rights.

This reporter attended a forum on appropriate scale of land operation at which some experts concerned held: **To correctly handle the relationship between a "stable system" and "flexible land," we must first make clear in theory the truth about "separation of three rights."** The institution of the contract responsibility system on a household basis, with remuneration linked to output, has separated ownership and operational right of collective land. The operational right of peasant households consists of contract rights and use rights. In the course of land circulation, contract right is again separated from land use right. Stability means stabilizing the land use right already owned by peasant households; circulation means that land-use rights can circulate freely. In the view of the experts, the policy guidance on establishing the land circulation mechanism must "clearly define ownership, stabilize contract rights, and invigorate use rights." Stability does not mean that it is impermissible to circulate land-use rights; circulation and concentration do not mean that the collective should recover the peasants' land contract rights.

Instituting and improving the land circulation system is a major subject for deepening rural reform. Although the policy allows paid transfer of land-use rights, we still lack the standards and basis for land circulation in practice. Therefore, an urgent matter at the moment is to further study the policy on standardizing land circulation conduct and improve land laws and regulations.

Peasants' Will Must Be Respected

An appropriate scale of land operation is needed for the development of agricultural production but it will take a long time to make it a common practice because it needs numerous conditions. Viewed from the practice in southern Jiangsu and other experimental areas, it should at least have four basic conditions: The first is the massive switch of rural laborers to non-agricultural sectors and the ensuing changes in peasants' income pattern. This is a precondition. In southern Jiangsu, only when over 60 percent of laborers permanently move to non-agricultural sectors and peasant households derive over 60 percent of their income from non-agricultural sectors do the peasants want to transfer their land-use rights. The second is that villages must have strong economic power. The third is to have a perfect agricultural service system. The fourth is to have corresponding machinery and operating capacity.

Apart from those objective conditions, there must be a very important subjective condition, namely, whether peasants are willing to transfer the use rights of their contracted land.

Most rural areas are still not provided with these conditions. The proportion of rural laborers switching to other sectors is still less than 25 percent and the proportion of those permanently switching to other sectors is even lower. The peasants derive two-thirds of their income from agriculture, with crop farming accounting for about 50 percent. To most peasants, land is still the foundation for leading a quiet life. It can be said with certainty that the conditions for practicing an appropriate scale of land operation on a large scale in the vast rural areas are still far from ripe. For this reason, attention should be paid to preventing two tendencies. The first is to enforce it through administrative orders in disregard of the objective conditions and peasants' will. We should guard against this tendency. It should be made clear that the focus of rural policy at present and for a considerably long period to come is to further stabilize and improve the contract responsibility system on a household basis with remuneration linked to output. While stabilizing the contract responsibility system, we should promote the switch of rural laborers and increase peasants' income, thus creating conditions for realizing appropriate scale of operation.

Hog Procurement Prices Decline

95CE0415M Beijing JINGJI CANKAO BAO
in Chinese 11 May 95 p 2

[FBIS Summary] At present the number of hogs in stock in 10 major hog-raising provinces total 199,043,700, a 3.7 percent increase over the same period in 1994, of which the number of sows totaled 15,053,000, a 1.9 percent increase, and accounted for 7.4 percent of total stocks; the number of piglets totaled 38,156,100, a 3.4 percent increase, and accounted for 20 percent of stocks; and the number of porkers totaled 149,072,000, a 5.7 percent increase, and accounted for 73.6 percent of stocks.

In March the commercial system purchased 162,000 tons of hogs and pork, a 19.1 percent increase, 305,000 tons were sold, a 26 percent increase; and at the end of March reserves totaled 379,000 tons, a 19 percent increase.

At present, the hog procurement price in the 10 major provinces is about 6.4 yuan per kilogram, a decline of 22.3 percent from November. The price of piglets has dropped from 10.7 yuan per kilogram in November to about 6 yuan. The price of corn is 1.56 yuan per

kilogram, in Shandong and Sichuan it is 1.8 yuan, a 123 percent increase over the same period in 1994.

International Agricultural Fund To Aid Qinghai

*OW0606055395 Beijing XINHUA in English
0518 GMT 6 Jun 95*

[FBIS Transcribed Text] Xining, June 6 (XINHUA) — The implementation of an agricultural development project in Qinghai Province using a loan from the International Fund for Agricultural Development will be announced soon, according to Smir Asmar, an executive of the fund.

To be launched in the Tibetan Autonomous Prefecture of Hainan, the project will use a loan of 20 million US dollars from the fund. It will be completed in five years.

While visiting Qinghai recently, Asmar said that it was very necessary to undertake comprehensive agricultural development projects in the northwest China province.

Deputy Governor of Qinghai Liu Guanghe said that Qinghai needs international assistance because, located on the Qinghai-Tibet Plateau, Qinghai has harsh natural conditions and a quarter of its population are still below the poverty line.

Together with the World Food Program, the International Fund for Agricultural Development will also aid agricultural development in Xunhua, Hualong and Ping'an counties and Haidong Prefecture in the province.

Heilongjiang Reports Rural Savings for March

*95CE0415N Harbin HEILONGJIANG JINGJI RIBAO
in Chinese 26 Apr 95 p 1*

[FBIS Summary] At the end of March, rural saving deposits in Heilongjiang Province totaled 13.13 billion yuan, a net increase of 1.74 billion yuan over the beginning of the year.

East Region

Shanghai-Nanjing Expressway Takes Shape

OW0706090295 Beijing XINHUA in English
0834 GMT 7 Jun 95

[FBIS Transcribed Text] Nanjing, June 7 (XINHUA) — An expressway linking Shanghai, China's largest economic center, and Nanjing, the capital of east China's Jiangsu Province, has taken initial shape after three years of construction.

The expressway, with a total length of 274 km, runs through southern Jiangsu, and links up with six large and medium-sized economically developed cities, such as Suzhou, Wuxi and Changzhou.

A viaduct in the city of Danyang, the longest bridge along the line, has been completed. The viaduct is 1,344 m long and 18 m wide, involving a total investment of 59 million yuan.

So far, 93 percent of the planned 423 bridges has been completed. And 41.11 million cu m of earth and stone have been moved, surpassing the original target by four percent.

The building of the expressway started in June 1992. When it opens for traffic at the end of 1996 it will take automobiles only three hours to reach Shanghai from Nanjing, compared with nine hours now.

Shandong To Introduce 'Data Interchange System'

OW0706061595 Beijing XINHUA in English
0546 GMT 7 Jun 95

[FBIS Transcribed Text] Jinan, June 7 (XINHUA) — Coastal Shandong Province is introducing an electronic data interchange (EDI) system to its fast-growing container transportation, provincial sources said.

As Shandong's container handling volume is expected to reach 600,000 standard containers this year, lack of EDI, which has become a prerequisite for ships entering many countries, will hinder the province's foreign trade and opening-up process, provincial authorities believe.

Since EDI can remarkably reduce and even eliminate the paperwork needed in trade, it is considered an effective instrument for improving the efficiency of data processing, communications and management.

According to experts, delay in the handling of a ship with 2,700 containers for one day will incur losses of up to 60,000 US dollars.

Under a provincial plan, several major container shipping units of the province will be linked to an EDI center by the end of this year.

In 1996 and 1997 all customs offices, and commodity inspection, quarantine and transportation departments at major ports and airports will be connected with the provincial EDI network as well as national and international EDI networks.

By 1998 EDI is expected to be available in some 70 percent of the businesses handling foreign trade, and will begin to be introduced to the manufacturing, retailing and administrative sectors.

Shanghai Labor Reform Administration Renamed

OW0606143895 Shanghai People's Radio Network
in Mandarin 2300 GMT 26 May 95

[From the "990 Morning News" program]

[FBIS Translated Text] At a municipal conference on prison and education through labor yesterday, the Shanghai Labor Reform Bureau was officially renamed Shanghai Municipal Prison Administration. At the same time, the Shanghai Municipal Labor and Education Work Administration was established. Zhu Daren, member of the Standing Committee of the municipal party committee, and Vice Mayor Meng Jianzhu attended the conference. Henceforth, these two administrations will educate and transform criminals and personnel undergoing education through labor according to their respective legal functions.

Shanghai Paper Urges International Law Study

OW0506165295 Shanghai WEN HUI BAO in Chinese
28 May 95 p 1

["Biweekly article" by Cao Jianming (2580 1696 2494): "A Sense of Urgency Is Needed To Heighten the Awareness of International Law"]

[FBIS Translated Text] In recent years, trade disputes and conflicts have constantly arisen between China and some countries. Take antidumping cases for example. Since the EC imposed antidumping measures on Chinese exports for the first time in 1979, the number of cases in which foreign countries slapped antidumping measures on Chinese exports has surpassed 180, covering more than 140 types of goods. And these cases do not include Mexico's 1993 antidumping investigation into more than 4,000 types of Chinese products. A matter that merits attention is: Because of its lack of understanding of international law and international economic law, the Chinese side either often failed to appear in court or presented weak arguments in the host of antidumping lawsuits filed against China by foreign countries. As a result, the margin of dumping of Chinese exports was ruled to be much higher than the actual margin. The margin for most products was

over 300 percent, the highest being 1,105 percent. This is illogical. China and its enterprises incurred heavy losses as a result, producing the wrong impression that China is weak and can be easily cowed in international trade. China's disputes with other countries in exports and imports, foreign investment, intellectual property rights [IPR] protection, and product liability have also increased. In 1994, the number of foreign-related cases heard by the China International Trade Arbitration Committee reached a record 829.

Social development in contemporary China has made it extremely important to heighten the awareness of international law. During China's process of opening up to the outside world, we cannot possibly understand general norms governing international economic activity, standardize our actions in accordance with international law and practice, and truly and effectively safeguard our legitimate rights and interests if we do not understand something about international law, including the part governing international economics.

China's implementation of the policy of opening up to the outside world requires that we heighten our awareness of international law. China's implementation of the policy of opening up to the outside world is an inevitable development of history. In 1994, China had trade contacts with 221 countries and regions. In the same year, its exports and imports totaled \$236.7 billion, or approximately 45 percent of its gross national product, making it the 11th largest trade power in the world. It can be said that China's degree of openness has reached the high degree of openness of developed nations. In 1995, China should ensure that its exports and imports total \$240 billion, a task that is very daunting. China can no longer seclude itself from other countries. In dealing with other countries, it must observe certain principles or rules. International law and international economic law are legal bases on which countries define their economic rights and obligations in their economic contacts with other countries. Given the growing interdependence between China's economy and the international economy, and complex changes on the international economic scene, we will find it difficult to proceed if we do not have a good knowledge of international law and international economic law. In recent years in particular, some noticeable changes and new traits have emerged in the enactment of international economic and trade laws. Strengthening research in this respect will make an opening China more oriented to the world and the future.

An important trait of the current evolution of international investment law is the further opening of markets to other countries and the extension of national treatment. Given the new situation in which China contin-

ues to attract more foreign capital and constantly expands the scope of foreign investment, we must pay close attention to this issue: How to better mesh China's foreign investment laws and policies with international investment norms under socialist market economic conditions and on the premise that reform will be carried out further and the country will open up wider. More and more countries and regions think that some investment measures have distorting and restrictive effects because they can alter the normal flow of international trade and investment under certain conditions. These investment measures generally include discrimination against imports, import substitution, domestic purchases, the export-import balance, export restrictions, and foreign exchange control. In December 1993, the Uruguay Round specifically adopted the "Agreement on Trade-Related Investment Measures," urging all signatories to revoke the aforesaid restrictive investment measures within specified periods. At the same time, it also called for applying the same local tax rates and rules to foreign investments as those applied to similar domestic investments — that is, national treatment. These provisions have had or are having a major effect on China's enactment of foreign investment laws. China is now extending national treatment to more foreign-funded enterprises, and this is conducive to establishing a system for equal and fair competition among foreign-funded enterprises, foreign enterprises, and domestic enterprises.

The IPR issue has attracted growing attention from the international community. Frictions and disputes between various countries in this respect are also on the rise. This is because science and technology have become a crucial factor amid escalating international economic and trade competition, and IPR protection has become one of the most important means of competition. Accordingly, the relationship between IPR protection and trade has become increasingly close around the world, and inadequate IPR protection has distorted and obstructed normal international trade. The "Agreement on Trade-Related Aspects of Intellectual Property Rights" adopted by the Uruguay Round highlights the issue of trade involving counterfeit goods. Specifically, it prescribes customs and border measures under which the customs authorities of the countries concerned may seize or destroy products that infringe on IPR. It should be noted that China's IPR protection system has attained a fairly high standard; however, some aspects of law enforcement appear to be less than forceful. In recent years, the United States has often used its so-called "Special 301 Provision" to list China as a priority country that has serious disputes with it, and has readily threatened trade retaliation. From a certain point of view, this shows that international IPR protection has become a sensitive is-

sue in international economic contacts. Since we have acceded to the "World Copyright Convention" and other international conventions on IPR protection, the effort to heighten the awareness of law about IPR protection in all segments of society, to further strengthen the law-enforcement mechanism for fighting counterfeiting, to step up the inspection and seizure of exports and imports that infringe on IPR, and to crack down harder on IPR infringements has become a major issue that cannot be neglected in the course of opening China to the outside world.

It is especially important to heighten the awareness of international law at the critical moment of China's readmission to GATT and accession to the World Trade Organization. Since China has chronically implemented the policy of a strictly planned economy, many of its economic and trade policies and systems are incompatible with international practices or customs. To expedite China's process of enacting economic laws, and to establish a socialist market economic legal system at the earliest possible date, it is very important that during the course of opening up to the outside world and carrying out reform, we are not only good at summing up and correctly applying our experience in building the legal system, but are also good at proceeding from the perspective of international law, and at learning from and drawing on the basic principles and rules of international economic law and international practice in an even bolder manner so as to bring China's laws, regulations, policies, and general economic and trade practices closer to universally acknowledged international conventions and practices as quickly as possible.

For example, all countries observe this important legal principle in international economic contacts: the principle of transparency. This requires countries to proclaim all their widely applicable economic and trade policies, laws, regulations, and practices so that the governments and business people of other countries will understand them. Although China's economic and trade laws, regulations, and policies have become more transparent in recent years, many government departments are still accustomed to setting economic and trade policies and practices in the form of internal guiding documents. This is unfavorable to international economic contact and cooperation. A China that is opening up to the outside world should pay greater attention to establishing an economic and trade legal mechanism and system that is compatible with international law and practice. All departments should review foreign-related statutes and internal rules to increase their transparency.

To heighten the awareness of international law, we should also pay close attention to training large numbers of international law professionals. As China opens

wider to the outside world, it experiences an increasing number of foreign-related economic disputes. It is for lack of personnel well-versed in international law that China has taken a beating in some cases. For some time to come, we should give prominence to studying, propagating, and conducting education on international law, especially international economic law. In this way, China, in the process of opening up to the outside world, will truly manage to conscientiously enforce domestic laws while respecting its international obligations and acting in accordance with universally acknowledged international law and practice; it will bring the domestic market in line with the international market, and further promote and safeguard its policy of opening up to the outside world.

Zhejiang's Shaoxing City's Reforms Examined

OW0706085895 Beijing XINHUA Domestic Service in Chinese 0821 GMT 30 May 95

[By XINHUA reporter Liu Gongwu (0491 0361 2976): "Shaoxing City Government Has Done a Good Job in Conducting Investigations Into State-Owned Enterprises"]

[FBIS Translated Text] Hangzhou, 30 May (XINHUA) — Shaoxing City in Zhejiang Province has three counties, two cities, and one district under its jurisdiction. In 1994, among 51 state-owned industrial enterprises directly under the city, only one small off-budget welfare plant experienced loss. A total of 25 state-owned enterprises, which account for more than 70 percent of the total output value turned out by state-owned industrial enterprises direct under the city, realized the goal of incurring no losses in the last two strait years.

Statistics show: In 1994, state-owned industrial enterprises directly under the city registered 3.5 billion yuan of industrial output, 3.67 billion yuan of sales income, 353 million yuan of taxes and profits, 8,900 yuan of per capita taxes and profits, and 88,830 yuan of all-personnel labor productivity, with the economic performance ranking first in Zhejiang Province. The city's industrial output value in the first quarter of this year increased by 12.4 percent over the same period last year; the sales income by 28.7 percent; and benefit and profit by 13.6 percent.

While conducting a survey in the city, this reporter has learned that the success of state-owned industrial enterprises in the city can be mainly attributed to the fact that the party committee and government of the city have insisted on guiding the economic work with dialectical methods.

Promoting Development Through Reforms

In leading the reforms of state-owned industrial enterprises, the party and government of the city tackled practical difficulties and problems in light of development. They carried out supplementary reform methods from a strategic point of view.

During the 1989-1991 period, one third of state-owned industrial enterprises directly under the city were vigorous, one third of them were slightly lacking in vitality, and another one third of them were highly lacking in vitality. On average, their annual profits dropped at a rate of 3.75 percent. Some people were pessimistic and puzzled about the future of state-owned enterprises. Some directors of state-owned enterprises with poor records of economic performance or economic losses blamed everyone and everything but themselves. The workers and staff members had a general feeling of insecurity.

In view of the above-mentioned situation, the party committee and government of the city achieved two tasks: First, they organized relevant government departments and managers of state-owned enterprises to study the speeches made by Comrade Deng Xiaoping during his south China inspection trip and the theory on socialist market economy. They conducted investigations and summed up experiences in a bid to correctly analyze the current situation of state-owned enterprises and strengthen their awareness of the importance of the economic development and the market so as to form a consensus that state-owned enterprises should find a way out through reforms. Secondly, they organized personnel from relevant departments to go deep into the enterprises and join with the managers of these enterprises to conduct market investigations and formulate an "Eighth Five-Year" plan.

As a result, a "revitalization project" which integrated reforms with development was launched in Shaoxing City. This project, guided by the reform drive, was realized by reorganizing enterprises, upgrading technical standards, and improving management. Shaoxing City decided to carry out a group of major technological renovation projects, which had a high point of departure, large scale, and good economic performance. The city decided to develop a batch of export-oriented products with high technological content, added value, and quality by building a group of advanced backbone enterprises.

The implementation of the "revitalization project" enabled state-owned enterprises directly under the city to show advantages in overall quality, economic performance, and staying power for development.

The Combination of Strong Enterprises and the Merger of Strong Enterprises With Weak Ones

The existence of well-adapted and poorly-adapted enterprises is an objective reality. In light of optimizing the industrial structure and rationally allocating the resources, some well-adapted enterprises experienced their own problems in expanding themselves, as did some poorly-adapted enterprises in eliminating deficits. The party committee and government of the city held that the government's guidance was needed to help them transform themselves. Well-adapted enterprises could develop and expand by making good use of stock assets.

One of the methods to improve state-owned enterprises in Shaoxing City was to combine strong enterprises and develop economies of scale. The city adopted two methods: first, to directly combine various enterprises to form groups; second, strong enterprises pool their investment funds to form new enterprises or to expand well-adapted ones. Shaoxing is China's largest production base of Shaoxing wine. Among state-owned enterprises directly under the city were two large Shaoxing wineries: Shaoxing Wine Company, which had a large production capacity, and Shenyonghe Winery, which produces a well-known brand. Under the government's guidance, these two companies voluntarily formed the Zhongguo Shaoxing Winery Group. They decided to utilize their own mutually-supplementary strong points, adopt unified policies, pool funds, and adopt unified management and marketing. They invested 140 million yuan in atomizing their production lines, thus increasing wine production from 35,000 metric tons to 60,000 metric tons. In 1994, the group company earned 20 million yuan more in net profit than in the previous year.

The following is a typical example of combining funds of strong enterprises: The Shaoxing Electronic Tube Plant won an 130 million yuan technical transformation project for plate fluorescent display screens, which could not be carried out because the plant was small in size and weak in strength. Through the city government's coordination, two large enterprises in the city — the Shaoxing Iron and Steel Works and the Zhejiang Polyester Fiber Plant — became shareholders and, together with the electronic tube plant, set up a "Zhejiang Vacuum Tube Company, Limited," thus facilitating the implementation of the project.

Merging was another way to invigorate state-owned enterprises in Shaoxing City. The aim of strong enterprises merging weak enterprises was to develop and expand strong enterprises. In the process, the city neither practiced government-imposed matching nor gave enterprises complete freedom of choice, but allowed them to take part in open bidding and to select the best merger

partner on a voluntary basis and under government guidance. For example, after the city government announced the bidding for a merger with the Shaoxing Tractor Parts Plant, an insolvent plant, a total of six enterprises entered the bid, and each of them submitted a proposed tender. After a bidding evaluation group composed of leaders of departments concerned and experts reviewed and discussed each proposed tender, the Shaoxing Storage Battery Plant finally won the bidding, thereby solving this plant's much needed space for a technical transformation project involving "large close-storage batteries." In the past three years, seven state-owned enterprises directly under the city which ran into the red or made only marginal profits were merged, and one enterprise declared bankruptcy, thereby activating 36.3523 million yuan in stock assets, putting an end to 4.8339 million yuan worth of deficits, and resettling some 2,600 workers.

Combining Overall Reform With Guidance in Different Areas

While invigorating state-owned enterprises directly under the city, the Shaoxing City party committee and city government paid close attention to properly handling the relationship between particular enterprises and enterprises in general and combined overall reform with guidance in different areas.

In promoting overall reform, the city carried out work with the following: (1) guaranteeing enterprises with comprehensive managerial autonomy and returning them with all powers belonging to them; (2) carrying out reform of labor, personnel, and distribution systems; and (3) guiding enterprises to continually improve internal management. Using typical enterprises as examples, the city implemented a project of "10 typical enterprises in five fields," by identifying 10 model enterprises in spot management, recommending 10 pace-setting enterprises for modern management, following up on the performance of 10 deficit-ridden enterprises, selecting the 10 best enterprises in conserving energy and lowering consumption, and commending 10 enterprises outstanding in "three goods" — changing operating mechanisms, exercising effective management, and achieving good efficiency.

While giving guidance in different areas, the city refrained from demanding uniformity and guided enterprises to select specific forms and development ideas for reform, reorganization, transformation, and improved management according to the circumstance of each enterprise. As far as management was concerned, the city encouraged enterprises to develop their own management mode on the basis of their qualifications.

In the course of invigorating state-owned industrial enterprises, Shaoxing City closely combined the transformation of government functions with the change of enterprise operating mechanisms, but focused its attention on the transformation of government functions. While transforming government functions, the city government emphasized two principles in particular: First, enterprises assume responsibility for maintaining and increasing the value of state-owned assets, and the government only gives guidance and does not interfere with enterprises in their way of maintaining and increasing the value of assets. Second, the government's main responsibility is to create conditions and improve services for the development of enterprises. While implementing the "revitalization project" since 1992, the city has carried out the "infrastructure project" to increase the city's power supply by two times, water supply by 1.8 times, and communication capacity by four times; and has expanded the city's polluted-water drainage capacity from 20,000 to 30,000 tonnes daily. Today enterprises in Shaoxing no longer worry about water and power supply and communication facilities. The social security system, a measure for supporting the reform, has also been step by step popularized in Shaoxing City. As of the end of 1994, all enterprises directly under the city had introduced old-age pension and insurance programs for unemployment, maternity leave, and injuries at work.

North Region

Beijing's Wei Jianxing Outlines City's Tasks

*OW0606155095 Beijing XINHUA in English
1543 GMT 6 Jun 95*

[FBIS Transcribed Text] Beijing, June 6 (XINHUA) — Speeding up economic construction, combating corruption, and maintaining social stability are the three major tasks now being set for China's capital, according to the city's new Party chief Wei Jianxing.

Wei, also a member of the Political Bureau of the Communist Party of the Central Committee, was addressing the 17th session of the Standing Committee of the Municipal People's Congress, the local legislature, today.

As the political, cultural, and scientific center of the country, Beijing must put economic construction at the core of its reforms and opening to the world.

The city must concentrate efforts on reforming and invigoration State enterprises, modernizing technology and management expertise, and improving economic efficiency, he said.

According to the recent decision reached by the municipal Party Standing Committee, Mayor Li Qiyan will

head a research group to study methods of urban economic development and set goals for sustainable, rapid, and healthy development of the economy, he explained.

This is essential for normal operations of the central authority here, for exchanges with foreign countries, for educational, scientific, technological, and cultural development, and for the lives of city residents, he said.

The city will unwaveringly carry out the anti-corruption drive in accordance with principles set by the central authorities and plans of the municipal Party committee, Wei said.

The case of Wang Baosun, who committed suicide for fear of punishment for his crimes, will be investigated until every guilty person is discovered, he said, emphasizing that "no matter who and no matter what the involvement is, it will be dealt with seriously."

He revealed that the city Party committee and the municipal government have sent people to cooperate with the central authorities on the case, to do their best to recover the economic losses.

Officials should be educated to discipline themselves to avoid allowing themselves to become corrupt, Wei said.

He also asked the local legislature to help make rules and adopt effective measures to prevent corruption, and to increase supervision for developing a clean and honest government.

Wei said that the stability of Beijing was the focus of concern of people all across the country and around the world, and should be attended to down to the last detail.

Wei promised at the meeting that the work of the people's congress will continue to be supported by the municipal Party committee for democratic political and legal construction.

Wei replaces the former Party chief Chen Xitong, who resigned for mistakes made in relation to the Wang Baosun case.

Hebei's Governor Views Anticorruption at Seminar

*OW0706043695 Hefei ANHUI RIBAO in Chinese
13 May 95 p 1*

[Article by correspondent Huang Hui (7806 2585): "Fighting Corruption and Advocating Honesty in the Performance of Official Duties Is an Important Guarantee for Invigorating State Enterprises," Stressed Hui Liangyu at a Seminar Titled 'The Market Economy and the Fight Against Corruption and Advocacy for Honesty in the Performance of Official Duties']

[FBIS Translated Excerpt] The third Anhui provincial seminar entitled "The Market Economy and the Fight

Against Corruption and Advocacy for Honesty in the Performance of Official Duties" for managers and directors of large enterprises and factories was held at the Maanshan Iron and Steel Works on 11 May. Governor Hui Liangyu delivered a mobilization report at the seminar. He emphatically pointed out that launching the anticorruption drive, advocating honesty in the performance of official duties, and strengthening the building of spiritual civilization among state-owned enterprises constitute an important aspect of the endeavor to invigorate them and provide an important guarantee to further this end.

Hui Liangyu fully affirmed the pivotal role played by state-owned enterprises and, in particular, large and medium-sized state-owned enterprises in the national economy of China. Meanwhile, he pointed out: Whether state-owned enterprises can honestly conduct business operations in accordance with the law and whether leaders of enterprises can stand the test of the market economy, be honest in doing official duties, and exercise self-discipline in the process of deepening reform, transforming operating mechanisms, and participating in market competition have a bearing on not only the success of enterprises themselves, but the success of our reform, opening up, and economic construction, as well as the stability and development of our national economy. This is more than just an economic issue. This is a political issue as well.

Hui Liangyu stressed: It is necessary to correctly understand and handle the relationship between the endeavor to invigorate enterprises and the anticorruption drive as well as the advocacy of honesty in the performance of official duties. They both aim at arousing the enthusiasm of enterprises' cadres, staffers, and workers to emancipate and develop productive forces to the maximum extent. [passage omitted]

Hui Liangyu pointed out: The focal point of this year's economic restructuring is to deepen reform of enterprises and make efforts to establish modern enterprises with clearly defined property rights, with clearly defined rights and responsibilities, with enterprise management being separated from government administration, and with scientific management. Only by integrating such major reform measures as expediting the establishment of a modern enterprise system with the establishment of rules and regulations and by integrating the establishment of a modern enterprise system with the anticorruption drive and advocacy for honesty in the performance of official duties can we thoroughly promote the healthy and rapid establishment of a modern enterprise system as well as its improvement.

Hui Liangyu pointed out: The market economy provides an opportunity for the anticorruption drive and advocacy for honesty in the performance of official duties and, meanwhile, poses a grim challenge to such work. He required everyone to adhere to party spirit and principle, observe discipline, and abide by laws in a bid to minimize the negative effect of the market economy.

In his speech, Hui Liangyu also specifically required leaders of enterprises to improve ideology and work style and to enhance consciousness of self-restraint. [passage omitted]

The seminar was jointly sponsored by the provincial discipline inspection commission, the provincial people's procuratorate, and the provincial economic and trade commission. They were entrusted by the provincial party committee to do so. The meeting on that day was chaired by Chen Guanglin, standing committee member of the provincial party committee and secretary of the provincial discipline inspection commission. [passage omitted]

Shanxi Province 1994 Procuratorial Report

HK0606045595 Taiyuan SHANXI RIBAO Chinese 3 Mar 95 p 6

[Shanxi Provincial People's Procuratorate Work Report delivered by Shanxi Chief Procurator Zuo Xiang at the Third Session of the Eighth Provincial People's Congress on 24 February 1995: "Shanxi Provincial People's Procuratorate Work Report"]

[FBIS Translated Text] Fellow deputies,

Since the Second Session of the Eighth Provincial People's Congress, procuratorial organs at all levels in our province have conscientiously implemented the spirit of the Third and Fourth Plenary Sessions of the 14th CPC Central Committee, worked with the interests of the party and the state in mind, adhered to the working policy of "be strict in law enforcement and be relentless in handling cases," seriously discharged their legal and supervisory functions, paid close attention to the three key tasks of concentrating forces on the handling of major and important cases in the struggle against corruption, dealing severe and swift blows at arch criminals in accordance with the law, and strengthening supervision over law enforcement, and achieved further progress in various aspects of procuratorial work. They have made positive contributions toward promoting the cultivation of party style, the building of a clean and honest government and the maintenance of social stability, as well as toward guaranteeing the smooth implementation of major state reform measures and of key construction projects in our province.

The following is my report on procuratorial work in our province in 1994 for deliberation and discussion by the congress.

I. Concentrate Forces on the Investigation and Handling of Major and Important Cases of Graft, Bribery and Such Crimes, Deeply Unfold the Struggle Against Corruption

The year 1994 was a year which saw the deepening of the struggle against corruption. In accordance with the plans of the provincial party committee and the Supreme People's Court, procuratorial organs in our province concentrated forces on the investigation and handling of major and important cases of graft, bribery and the practice of favoritism and fraud, and achieved interim results in the struggle against corruption. Last year, procuratorial organs in our province investigated 2,223 people in 1,973 cases of economic crimes. This included 956 cases of graft and bribery, an increase of 11.9 percent over the previous year. Investigations were conducted on 1,345 people in 1,050 cases of "tort" and dereliction of duty, such as practicing favoritism and fraud, embezzlement and perversion of justice, and negligence. Public prosecutions were initiated against 1,053 offenders in 829 cases at the people's courts, an increase of 19.7 percent and 15.9 percent respectively over the previous year. Through the handling of these cases, direct economic losses of over 47.74 million yuan were recovered for the state and the collective, 35.2 percent more than in the previous year. We have achieved notable results in the investigation of major and important cases in the struggle against corruption over the past year. These mainly found expression in breakthroughs in the following four areas:

First, new breakthroughs were made in the investigation and handling of major and important cases, especially important cases involving crimes committed by leading cadres. A total of 373 major cases of graft and bribery, each involving over 10,000 yuan, were investigated, an increase of 20.8 percent over the previous year. Of this number, 26 cases involved amounts in excess of 100,000 yuan, up 24 percent. In the system of agricultural administration, an accountant of Duma Township Credit Cooperative in Pinglu County by the name of Fan Shiwa was sentenced to death and executed for embezzlement of funds totaling 375,000 yuan. Li Jian, a deputy chief of the Zhaobo Grain Station in Yongji City, embezzled funds totaling 195,000 yuan in collaboration with others. Li Jian was tried and sentenced to death. Last year, a total of 65 cadres at and above the county and section level were investigated and prosecuted, an increase of 27.9 percent over the previous year. This number included three cadres at the depart-

ment level. Using his position, Niu Erhong, a deputy director of the provincial department of finance, accepted bribes in the form of cash and color TV sets, totaling 42,500 yuan in amount, and embezzled more than 50,000 yuan in public funds. After his wrong-doings were found to be true by the provincial procuratorate, he committed suicide at the Pingyao County Detention Center on 12 June 1994. Liang Jianchuan, director of the auditing and financial section of the provincial water conservancy department, embezzled funds and took bribes totaling 80,000 yuan. Xue Yubiao, director of the Jiaocheng County Communications Bureau, took 225,000 yuan in bribes. These cases involved leading cadres on active duty who hold real power.

The investigation and sentencing of these corrupt elements who traded favors for money and demanded and accepted bribes fully demonstrated the firm resolution and concrete action of the party and the government to punish corruption. Such actions were of great significance in maintaining stability.

Second, new breakthroughs were made in the investigation and handling of cases involving crimes committed by judicial and administrative law-enforcement personnel. A total of 84 personnel in this category were investigated and prosecuted for practicing favoritism and fraud and for embezzlement and perversion of justice. Of this number, 12 were investigated and prosecuted for practicing favoritism and fraud, a record high which underscored the deepening of the anti-corruption struggle since last year. These offenders included 49 public security police, three prosecutors, seven judges, 13 judicial administrators, and 12 administrative law-enforcement personnel in industrial and commercial, taxation and auditing departments. Some of these people were leading cadres in important positions. For example, He Tukuan and his colleagues of the former Changzhi City Public Security Bureau practiced favoritism and fraud and extorted confessions by torture. A teacher by the name of Shen Fengqi was beaten alive for a crime he did not commit. The concern and support of the leadership of the central and provincial party committees, the provincial procuratorate and the procuratorial organ of Changzhi resolved this major case which shocked the whole of Shanxi after four months of painstaking investigations. He Tukuan and his five accomplices were severely punished by the law.

Third, new breakthroughs were made in the investigation and handling of cases involving corporate crimes. A total of 61 such cases had been investigated and prosecuted in our province. They mainly involved tax evasion, counterfeiting of trademarks, and manufacture and sale of sham and shoddy commodities by

corporate bodies. The Wenshui County Procuratorate investigated and prosecuted the case of corporate crime committed by Zhang Hutong and Zhang Jingui, manager and deputy manager respectively of a tobacco company in the county. The two Zhangs collaborated with other law-breakers in the sale of 70 cases of 3,500 cartons of fake "Red Pagoda Hill" cigarettes worth 300,000 yuan. Lu Zhenrong and Zhou Chengqun, former managers of Huaxia Hotel in Yuncheng city, evaded tax amounting to 1.073 million, or 69 percent of the taxable amount, in the course of one year by not keeping separate accounts for investment in fixed assets and not accurately declaring the hotel's business revenue and investment in fixed assets. They were arrested by the Yuncheng Procuratorate in accordance with the law and prosecuted in court.

Fourth, new breakthroughs were made in the investigation and handling of new crimes involving disruption of the major reform measures of the state. The central government introduced a series of major macroeconomic reform measures on the financial, taxation, banking and investment systems last year. In order to ensure the smooth implementation of these reform measures, we promptly dealt blows at new criminal activities that directly jeopardized the reforms. The more prominent cases were the investigation and handling of tax evasion through the fraudulent selling and faking of invoices for value added tax which occurred in the course of tax reform, the manufacture and sale of fake seeds and farm insecticides to cheat and bring sufferings to farmers, the adulteration of cotton being marketed, as well as criminal cases in the hot spots of the economic sector, such as financial and securities markets and real estate markets.

Wu Runyue, a farmer from Linyi County, adulterated with rags and talcum powder the 18,000 jin of ginned cotton which he procured on his own, and obtained some 117,000 yuan in illegal proceeds. His actions inflicted direct economic losses amounting to 40,000 yuan upon Jinghua Knitwear Factory in his county. Wang Hemin, a farmer from Jiangxian County, passed off ordinary corn seeds as the "Jindan Number 27" improved strain and sold 23,400 jin of these to farmers for a profit of 11,700 yuan. His actions seriously harmed the interests of farmers. These cases were promptly investigated and dealt with by procuratorial organs. Economic crimes were quite serious in the financial sector in recent years. In the wake of the strengthening of macro-control by the state, the financial sector began to play a more important role in economic life, but it also became the hotbed for economic crimes. In order to ensure the smooth implementation of the reform of the financial system, procuratorial organs in our

province have further strengthened the investigation and prosecution of economic crimes in the financial sector. Last year, a total of 118 economic crimes in the financial sector were investigated and prosecuted. Of this number, 92 cases, or 62 percent of the total, were crimes which occurred in the agricultural administration system.

II. Deal Severe Blows at Serious Crimes, Strive To Maintain Social Stability

The maintenance of social stability is an important task of procuratorial organs. In 1994, procuratorial organs at all levels in our province fully brought their supervisory role into play, persistently took the "Severe Blow" campaign as their primary task in the comprehensive improvement of public order, resolutely implemented the principle of dealing heavy and swift blows in accordance with the law, and increased the intensity of dealing at arch criminals. Procuratorial organs in our province accepted applications submitted by public security organs for the ratification of warrants of arrests on 17,497 criminals, and 14,944 arrests were approved after examination and investigation. They also accepted applications for the transfer and prosecution of 16,273 criminals, and 13,712 of these were prosecuted after examination and investigation. The number of criminals arrested and prosecuted increased by 8.3 percent and 11.5 percent respectively over the same period of last year.

In the "severe blow" campaign, procuratorial organs at all levels regarded violent crimes such as murder, robbery, rape, bombing and armed offenses, as well as "road bandits," major theft, hooliganism, abduction of women and children, grave robbery and the smuggling of cultural relics, as primary targets of attack. In 1994, they ratified the arrest of 4,760 arch criminals, and prosecuted 4,353 of these criminals in accordance with the law. We established with public security organs a system of sharing information on momentous, special and major criminal cases, got involved in the handling of major and important cases at an earlier stage, expedited the handling of cases, upheld the principle of "clear basic facts and conclusive basic evidence," did not get entangled with trivial details, and insisted on quick arrests and prosecutions.

Gang crimes have always been a prominent problem that undermines public order in our province. Some ex-convicts and people released from labor reform camps ganged up and became local bullies. They threw their weight about, engaged in all sorts of evils, committed repeated offenses despite crackdowns, and became local hooligan forces. Some criminal gangs entrenched themselves in their localities and committed crimes year in and year out. Some of them are developing in the di-

rection of criminal gangs of a triad nature; others have already become typical triad gangs. These criminals directly endangered the safety of people's life and property, and endangered the stability of the country and the peace and security of the society. Since last year, procuratorial organs in our province have taken gang crimes as the primary targets of the "Severe Blow" campaign. Working in close cooperation with public security organs and people's courts, they concentrated on crackdowns on the abduction of women and children in the three cities of Xinzhou, Shuzhou and Datong; on crackdowns on "road bandits," hooliganism and other serious crimes in the neighborhood of Changzhi, Jincheng, Jinzhong, Luliang and Taiyuan; and on crackdowns on grave robbery and fraudulent sales of cultural relics in Linfen and Yuncheng districts.

Towards these gang crimes, we fully made use of the weapon of the law and increased the intensity of blows. First, we strictly followed the practice of determining the principal culprit on the basis his position in the gang and the consequences, and gave embodiment to the principle of severity. Second, bearing in mind the serious harms inflicted by gang crimes on society, we made proper and sufficient use of the provisions of the law, and gave embodiment to the principle of severity. Third, we strictly adhered to the criterions for the conviction of crimes and the determination of the nature of the crimes, and gave embodiment to the principle of severity. Fourth, we gave embodiment to the principle of severity in the application of appeal measures, and dealt crushing blows at arch criminals.

While dealing severe blows at arch criminals, procuratorial organs in our province also played an active role in the comprehensive improvement of public order. This mainly included launching activities to canvass suggestions on procuratorial work; taking steps to stop loopholes and took precautionary measures; persisting in paying visits to, inspecting, helping and educating people who were exempted from prosecution; actively publicizing the legal system; establishing liaison units for the comprehensive improvement of public order; and helping in the consolidation of rural grass-roots organizations. Good results were achieved in these endeavors.

III. Strengthen Supervision on Law Enforcement, Promote Strict Law Enforcement

In 1994, procuratorial organs at all levels in our province fully brought into play their role in supervising the law and, based on the principles of meting out heavy and severe punishments on grave economic crimes in accordance with the law and of dealing heavy and swift blows at serious criminal offenses in accordance with the law, combined the rectification of violations of law

with the investigation of crimes committed by judicial personnel, and exerted great efforts in strengthening supervision over law enforcement.

In the work of exercising supervision over investigation, we focussed our attention on the questions of not pursuing culpability and of substituting penalties by fines. Last year, procuratorial organs in our province actively unfolded supervision over the opening of files on criminal cases by public security organs and, in accordance with the provisions of Article 13 of the Law of Criminal Proceedings, directly opened files of investigations on 14 typical cases of failure to pursue culpability which had major impacts on the localities. That was a major breakthrough in supervision over investigation. Wang Hongjun and Wang Diankui ganged up and stole 15,000 yuan in 1989. The local public security organ allowed them to be out on bail awaiting trial for a long time. When repeated urges to rectify this decision fell on deaf ears, the county procuratorate directly opened its own investigation and had the two Wangs arrested and brought to justice. We also checked up on the various aspects of ratification of arrests, examination and investigation and the institution of legal proceedings, and actively pursued criminals and crimes that had been left off the hook. In 1994, we arrested 210 criminals and prosecuted 102 criminals who escaped arrest and prosecution, and called for the rectification of miscarriages of justice in the investigation of 107 cases. When conducting examination and investigation on a case involving a 10-man gang of robbers, the Datong City Procuratorate discovered that the inventory list of their loot, which included over 7,000 yuan in cash and a color TV set, was missing, that the year of birth and age of two of the criminals had been altered, that another two criminals already arrested had been released after being fined, and that the information and statement on record were not the original materials when the file was first opened. The procuratorial organ pursued and arrested in accordance with the law the two released criminals as well as another two who were still at large, and arrested and prosecuted two public security officers who perverted the cause of justice.

In the work of exercising supervision over criminal adjudication, we focussed our attention on appeals against wrong arbitration, such as meting out light sentences on serious crimes and finding the guilty innocent. Appeals were filed on 87 cases of erroneous verdicts and rulings. Procuratorial organs in our province also called for the rectification of 214 miscarriages of justice in trials. They also further unfolded supervision on the second trials, retrials and reviews of death sentences. Wei Xiaozhon and his nine other accomplices were a gang of armed robbers in Yuci City who had committed 35 cases of

theft, stealing of fire arms, armed robbery, rape and assault in four provinces since 1990. Their crime was particularly serious and perilous because they always attacked taxis and party, government, and judicial organs. After legal proceedings were instituted, Wei was sentenced to death while another three culprits were given suspended death sentences. The Jinzhong Sub-procuratorate lodged an appeal against the three suspended death sentences on the grounds of inappropriate penalty. The Provincial Procuratorate assigned its staff to attend the hearing at the judicial committee of the Provincial High Court in support of the appeal, and the provincial court returned the verdict of death on two of the suspended sentences.

In the work of exercising supervision over civil adjudication and administration proceedings, we focussed our attention on appeals against obvious injustice in civil and administrative verdicts and rulings due to the practice of favoritism and fraud and the seeking and taking of bribes by judges. We took on 572 cases of appeals against civil, economic and administrative verdicts or rulings handed down by the courts, and lodged appeals against 15 civil and administrative cases of obvious mis-trials. We also made 67 amendment recommendations to the courts, and investigated and prosecuted judges who practiced favoritism and fraud and sought and took bribes in civil and administrative proceedings.

In the course of exercising supervision over civil and administrative trials, the Changzhi City Procuratorate discovered that former deputy president Li Jiangbei of the economic court of the city court collaborated with assistant judge Nan Ping and sought and accepted 12,700 yuan in bribes from both the plaintiff and the defendant. After investigation, the two scum among judges were brought to justice.

In the review of prisons and detention centers, we focussed our attention on the rectification of committals for trial that were not conducted in accordance with the law, as well as other violations of the law, such as paying bribes in order to secure commutations, paroles and medical paroles. We investigated and dealt with 22 cases of crimes committed by 25 prison wardens who accepted bribes, practiced favoritism and fraud, released criminals without authorization, mistreated criminals in custody, and neglected their duties, handled 28 cases involving crimes committed by 38 people on probation or undergoing reform through labor, and made 1,945 recommendations for the rectification of irregularities in probationary work or reform through labor. In this regard, we rectified 677 cases of 1,203 people who were held in custody beyond the legal limit, discovered 1,670 instances of hidden insecurity, and prevented 370 incidents of various types.

In the review of complaints and petitions, we focussed our attention on petitions against verdicts and rulings by the courts of law and against decisions of procuratorial organs to grant exemption from prosecution. We investigated and dealt with 598 complaints and petitions of various types, and properly handled 61 visits from the masses as well as 59 "urgent" cases. Procuratorial organs at all levels generally upheld the system of having the chief procurator receive the masses, and achieved good social effects in this regard.

IV. Consciously Accept Leadership of the Party Committee and Supervision by the National Congress, Do a Good Job of Cultivating and Training Procuratorial Personnel

Procuratorial organs must rely on the leadership of party committees in maintaining a correct political orientation. This is a basic principle that must be upheld at all times and under all circumstances. We always promptly sought advice from and submitted reports to party committees on major plans and measures that affected the overall situation of procuratorial work, as well as on the progress of work and the cultivation and training of procuratorial personnel. Relying on the support of party committees, we eliminated obstacles to our work and improved the external environment of law enforcement. Provincial, prefectural and city party committees and governments all paid great attention to our investigation and handling of the case involving the practice of favoritism and fraud by party, government, public security and judicial personnel in the two major cases of grave robbery and fraudulent sale of cultural relics by two criminal gangs headed by Hou and Guo, two men from Houma City. The standing committee of the provincial party committee heard repeated reports and made it clear that in the investigation and prosecution of the Hou-Guo case, no resources would be spared, and all suspects would be investigated no matter who they were. The provincial authorities allocated special funds for the handling of this case, the Linfeng Prefectural Party Committee and Houma City Party Committee also gave their active support by allocating funds for the case. These efforts greatly reduced interference and obstacles, and ensured the smooth progress of investigation.

Consciously accepting the supervision of people's congresses and their standing committee and relying on the energetic support of people's deputies at all levels are basic guarantees for the smooth progress of procuratorial work. Procuratorial organs at all levels conscientiously implemented the "Regulations of the Supreme People's Procuratorate on Certain Questions Regarding Procuratorial Organs Accepting the Supervision of People's Congresses and Their Standing Committees," es-

tablished and improved the system of asking for instructions and submitting reports, promptly reported their work to their corresponding people's congress and standing committee, earnestly accepted the inspection of their law enforcement by standing committees of people's congresses as well as inspection and comments by people's deputies on procuratorial work, and humbly listened to opinions, suggestions and criticisms. Last year, the provincial people's congress organized an appraisal of procuratorial work in the two cities of Datong and Shuzhou and in 14 counties. The appraised procuratorates paid great attention to the criticisms and recommendations made by the people's deputies and conscientiously made rectifications. The Dingxiang County Procuratorate promptly improved its work in accordance with the criticisms and recommendations made by people's deputies of their county on the assistance and education as well as the visit and inspection of people exempted from prosecution in 1993, and promptly improved its work.

The chief procurator and his staff personally visited eight townships and 12 villages, where they visited and inspected 17 people who were exempted from prosecution. Their efforts in implementing the measures of giving these people assistance and help won the nod of approval of the county people's congress.

Procuratorial organs constitute an important force in the anti-corruption struggle. They are also key departments assigned by the Central Committee for fighting corruption. Since last year, procuratorial organs at all levels have, in accordance with the 12-character requirement on "consolidation, replenishment, education, improvement, readjustment and purity" put forward by Secretary Hu Fuguo and vigorously grasped the building up of their own ranks. First, they provided the organizational guarantee for the smooth conduct of procuratorial work by using the strengthening of party building of procuratorial organs to bring along the development of procuratorial personnel. They persisted in giving prominence to ideological building and armed the minds of procuratorial officers with the theory of building socialism with Chinese characteristics. They also strengthened the building of leading bodies, conscientiously practiced democratic centralism, and energetically cultivated and promoted outstanding young cadres. Second, they actively launched activities of "striving to achieve outstanding results," and carried forward the spirit of devotion. During the past year, 770 party-member officers in procuratorial organs have been assessed as outstanding party members by their local party organizations, two officers have been awarded the title of "outstanding procurators" by the provincial party committee and provincial government, while seven advanced col-

lectives and five advanced individuals have been recommended to the Supreme Procuratorate for citation. Third, they conducted on-the-job training, job qualification training, and specialized training. Last year, the provincial procuratorate conducted a three-month training course for 29 newly appointed procurators of county and district procuratorates. A total of more than 40 training courses have been conducted to provide training for over 1,300 procuratorial officers. Some 1,100 people were organized to undergo training to adapt oneself with the "Regulations Governing Procurators," while another 1,360 people were organized to study the "Certificate Course on the Procuratoracy." Fourth, they vigorously grasped the consolidation of discipline and work style, and conscientiously conducted anti-corruption work among their own ranks. Last year, procuratorial departments in the whole province conducted consolidation of work style and discipline on three separate occasions. Procuratorial officers were prohibited from accepting invitations to banquets or offers of gifts by parties to cases under investigation; they were prohibited from treating the masses who lodged complaints and sought assistance in an indifferent, stiff, rude, perfunctory or bureaucratic way; they were prohibited from beating up or verbally abusing people or extorting confession by confession; they were prohibited from intervening in economic disputes or overstepping one's authority under the lure of material gains; they were also prohibited from ignoring orders or prohibitions and doing things their own way. In their work of fighting corruption within their own ranks, cadres of procuratorial organs at or above the county and section levels in the whole province conscientiously unfolded self-discipline, self-examination and self-rectification for the building of a clean and honest government, conscientiously rectified irregularities such as overstepping one's authority in handling cases or violating the law in handling cases, and seriously investigated and handled cases of violation of law and discipline by procuratorial officers.

Shanxi Plans SEZ To Link Coast, Hinterland

*HK0606070095 Hong Kong AFP in English
0336 GMT 6 Jun 95*

[By Giles Hewitt]

[FBIS Transcribed Text] Taiyuan, China, June 6 (AFP) — Landlocked and drought ridden, Shanxi province is an improbable candidate for the role of economic saviour to China's impoverished hinterland, but Governor Sun Wensheng is a persuasive agent. Since his promotion to the head of the Shanxi government in March last year, the former deputy party secretary of Hunan province has launched an ambitious scheme for

the whole of Shanxi to be designated a special economic zone (SEZ). "The idea is for Shanxi to act as a bridge between western China and the developed coastal regions," said Sun.

While other inland provinces have similarly high-flown ambitions, Sun has actually put his into practice, drafting in experts from Fudan University in Shanghai who worked on the hugely successful Pudong Development Area there. Having completed a feasibility study, the provincial authorities will draft a final proposal to be submitted to the State Council in Beijing for approval.

If the green light is given, Shanxi would be eligible for the substantial preferential policies the central government accorded the first SEZs established in the early 1980s in southern China to spearhead the country's economic reforms. Those policies would boost direct foreign investment in the province, which totalled a paltry 210 million dollars last year.

According to Sun, the model of the coastal SEZs is just as applicable to inland areas which, he argues, need a state-supported catalyst for economic development along the lines of China's first SEZ, Shenzhen, which helped transform the economy of southern Guangdong province. "To develop the mideastern section of China, and after that the more isolated western regions, you've got to have a special zone to kickstart the process," the governor said in an interview with AFP. "Shenzhen's wealth and expertise have trickled down to surrounding areas, and there is no reason the same effect could not be achieved here."

Sun's enthusiasm is infectious, but even he admits that Shanxi's location and topography make for a poor comparison with Shenzhen, whose swift transformation into an economic boomtown was based on its proximity to Hong Kong. Shanxi's transport system is woefully inadequate, with road and rail bottlenecks limiting industrial output, while water shortages, according to Sun, are a "massive problem" with the volume of water supply per capita about one fifth of the national average. Road bottlenecks will partially be eased by the expected completion in October next year of the three billion yuan (362 million dollar) Shanxi section of the Taiyuan-Beijing expressway, but the water situation is far more serious.

The central government approved in 1990 one of the country's largest ever infrastructure projects aimed at diverting the waters of the mighty Yellow River, which marks the provincial boundary between Shanxi and neighbouring Shaanxi. According to Sun, however, the 10.6 billion yuan project — involving the construction of a 90-meter-high (300-foot-high) dam in northwestern Shanxi — has failed to attract the necessary foreign

investment and the first phase will fail to meet its scheduled completion date of 1998. As a result, water supply to the province's three key cities of Taiyuan, Datong and Shuozhou will register an annual shortfall of nearly one billion cubic meters by the year 2000.

Sun is also quite candid about the problems Shanxi has had adjusting to China's market reforms, citing the "backward point of view" held by many provincial industrial officials after decades of central planning. "Above all we need to educate people, open up their minds so that we can exploit the advantages we do have and minimise the disadvantages."

Those advantages include vast mineral resources, especially of coal, and an established heavy industrial base that Sun believes would provide a firm basis for Shanxi's economic development as an SEZ. "The central government has repeatedly identified the east-west divide as one of the main problems facing national development, now we are giving it an opportunity to act," Sun said.

Northeast Region

Heilongjiang Secretary Inspects Localities

*SK0706100495 Harbin HEILONGJIANG RIBAO
in Chinese 14 May 95 p 1*

[Article by reporter Zhang Ping (1728 5393): "It Is Imperative To Administer Strictly To Achieve Again the Glory of Heilongjiang's Mechanical Industry; and Grasp the Opportunity To Transform From a Big Agriculture Province to a Powerful One"]

[FBIS Translated Text] In the early spring of May, rain falls luxuriantly and beautifully, while trees and flowers thrive in their full colors. On 11 and 12 May, Yue Qifeng, secretary of the provincial party committee, and Sun Kuiwen, vice governor, led the persons in charge from the relevant departments directly under the province to go by cars to places such as Harbin, Hulan, Shuangcheng, and Wuchang. They went deep down to the workshops and teams in factories, visited villages and peasant households, and inspected scientific research institutes. They also talked in a friendly manner with directors of factories and enterprises, the persons in charge from counties and townships, workers, peasants, and intellectuals. They worked to resolve on the spot the issues of the production of the industry and agriculture and of the scientific research and exploration, in an effort to expedite the development of Heilongjiang's economy.

Secretary Yue and his party inspected one after another the steam turbine plant, one of Harbin's three major power plants; the Northeast Sensing Technolog-

ical Research Institute; Zhongbin Oil Exploration Limited in the Limin economic and technological development zone; Heilongjiang Zhengda Industry Limited; and Harbin Sanyi Musical Instrument Limited. They also visited the Zhoujia Market, inspected Heilongjiang Hengda Limited and Wuchang Pacific Sweet Chrysanthemum Juice Limited, and examined the transplanting of rice seedlings of Minle township in Wuchang city as well as the greenhouse vegetable production in Dujia town.

Secretary Yue was very concerned about the quality of the industrial products of Heilongjiang. Accompanied by Li Genshen, Cheng Daoxi, and Zhu Shengwen, he came to a main engine workshop of the steam turbine plant. Standing before a medium-scale pressure valve, he listened in detail to the report by the factory's person in charge on the administration over the quality of products. Secretary Yue has commented many times on the issue of upgrading the quality of the products of this factory. The whole factory, taking this as the motive, was launching activities of examination and correction, discussion, education, and adjustment and reform; holding quality exhibitions, and developing the activities of "zero" drawbacks.

When talking with the persons in charge from the steam turbine plant, the plant of electrical engineering, and the boiler plant, Secretary Yue discussed in-depth with everybody on the issues of improving the quality of the power station's equipment, decreasing the consumption of coal, and upgrading the capability to generate power. Secretary Yue pointed out: Quality is our life. Harbin and Heilongjiang have been proud of the three major power plants. Featured by the three major power plants, our machinery industry is superior. To strive for a larger share in the power station equipment markets at home and abroad, the three major power plants should achieve success through higher quality and better service. From the leaders of enterprises to the staff members and workers, all should foster a firm concept of quality, and guarantee the quality of the process from production to examination. If something wrong happened to the quality of products, we should send our personnel to consumers to do service until the customers are satisfied. We should administer the plants in a strict manner, and create again the glory of Heilongjiang's machinery industry with excellent quality and brand-new images. Secretary Yue emphasized: It is imperative not only to pay special attention to the internal quality of the products, but also the external quality. The product's outward appearance, model, and color should all be improved. Not only should the enterprises improve the quality, but also the departments in charge and the governments at all levels should all pay attention to

quality. We would rather take problems too serious, pay too much attention, and act in a very strict manner, than destroy our fame and harm the reputation of Harbin and Heilongjiang. When talking with the comrades in charge from the Northeast Sensing Technological Research Institute, Yue Qifeng emphasized and pointed out: With the continuous progress of science and technology, scientific research institutes will develop toward the direction of high technology, new mechanism, speedy transformation, large-scale production, and good efficiency. We should pay attention to both the products for military use and for civilian use; and promote science, commerce, and agriculture. When assigned to manufacture products for military use, we should focus our efforts on it, but we should focus our efforts on exploring products for civilian use at other times. When the scale of manufacturing products for civilian use becomes larger, the endeavor better, and the income more, we can better guarantee our main cause of manufacturing the products for military use. We should also take studying markets, analyzing markets, and striving for more shares in the markets as a very important duty.

Secretary Yue hoped that everybody's mind can be more emancipated and more flexible. It is imperative to develop in a faster manner, and dare to advance toward the target of achieving the same output values as those of Fangzheng Cooperation of Beijing University, Stone Cooperation, and Lianxiang Group.

When Zhang Xuexiang, secretary of Hulan County Party Committee, made a report, secretary Yue pointed out: We should reasonably plan the layout of the development zone, appropriately control the development areas of technological development zone, and make efforts to explore the projects that are characterized by high technological level and high added value. For those projects in the development zone whose funds have not been put into place for a long time, we should cancel those which should be canceled, while providing a more relaxed development environment and more convenient service to those sincere foreign firms. Especially, the progress of Zhengda Group is very fast, which satisfied Yue Qifeng and other leaders of the province. Yue Qifeng pointed out: The project of Zhengda Group is a project that can promote the diversified development of planting, breeding, and fine processing. It is imperative to make it a project with exemplary effect. All the cities, prefectures, and counties of the province should all take the measure of paying attention to an exemplary project in an effort to promote all other projects, and they should push the endeavor of drawing in money and the endeavor of developing technology in a down-to-earth manner. For the high efficiency achieved by a soybean fine-processing enterprise — the Zhongbin Oil

Exploration Limited of the Harbin Investment Group — which completed construction and was put into operation within 180 days, Yue Qifeng encouraged the company to further improve administration, and seek a brighter prospect by basing itself on its good foundation. Yue Qifeng emphasized: In this year, the fine processing of soybeans has brought benefits to all the localities, and therefore the tendency of blindly upgrading the capacity of fine processing emerges. However, the yield of soybeans is limited, and the fine processing enterprises might encounter the problem of being large-scale but having little work to do. Therefore, we should not endlessly upgrade the capacity of fine processing, and, instead, we should implement macroeconomic control and regulation, conduct more transformation, process in an intensive manner, build no new projects, and upgrade the capacity of fine processing.

When inspecting Zhoujia market, Secretary Yue said to Dong Keyuan, secretary of the Songhuajiang Prefectural Party Committee, and other accompanying comrades: Market is a mainstay. We should focus on the market to achieve success in a series of supporting tasks such as transportation, storage, post, telecommunication, catering service, and highway traffic. We should do a good job in the overall planning, take the whole situation into account, and make the market develop in a more speedy and better manner.

When talking about the development of agriculture, Comrade Yue Qifeng pointed out: Heilongjiang is a big agriculture province. It is an important issue for the party committees and governments at all levels how to expedite Heilongjiang's agricultural development by grasping the opportunity that the state attaches importance to agriculture and the opportunity that the contradiction between the supply and demand of grains of the whole state is conspicuous. It is imperative for us to grasp the opportunity, upgrade in a down-to-earth manner agriculture's role as the foundation, push the agriculture's second exploration and in-depth exploration, expedite the endeavor of building another Heilongjiang in terms of the increase of rural economy, and turn Heilongjiang from a big agriculture province and a poor province into a powerful province and rich province.

Yue Qifeng emphasized: To grasp the opportunity of developing agriculture, it is important for us to foster the idea of fighting against calamities in an effort to reap a bumper harvest. Especially, we should achieve success in doing the preparation work of fighting against many calamities, serious calamities, large-scale calamities, and strive for a bumper harvest. We should focus our efforts on doing a good job in spring plowing and sowing, adopt more of the excellent early-maturing

varieties, and expand the land covered by plastic films, which are effective in fighting against low temperature. For land on which grain planting is too late, we can plant early-maturing soybean varieties instead, and ensure a full stand with all our efforts. We should also start as early as possible to develop a diversified economy to supplement peasants' income with sideline production.

Yue Qifeng pointed out: To grasp the opportunity of developing agriculture, we should develop with great efforts farm and sideline products, especially, the fine processing of grains. We should increase the industrial proportion of township enterprises and increase value by fine processing. In the autumn of this year, we should increase enough fine processing capacity of the rice plants and flour plants, and we should sell less or should not sell at all unprocessed rice and wheat to outside the province. It is imperative to increase the degree of comprehensive use of resources.

Yue Qifeng pointed out: To grasp the opportunity of developing agriculture, we should push with great efforts the plan to make the people in rural areas enjoy sound housing conditions. The income of Heilongjiang's peasants is higher than the average level of the whole state. However, the houses built with bricks and tiles in rural areas only account for 36 percent. To expedite the guidance to and the betterment of peasants' housing conditions; and, therefore, to form a new hot spot of consumption, play an important role in the economic development of rural areas. The development of construction and the development of materials for construction can thus be promoted at the same time; a backbone industry can be thereby speedily formed; and the fast development of Heilongjiang's economy can be enhanced and promoted.

Comrade Yue Qifeng emphasized at last: To grasp the opportunity of developing agriculture, we should continue to increase the momentum of selling the barren hills, wastelands, waste grasslands, waste beaches, and waste water. State farms, forestay industry enterprise, and coal mines can pay wages by giving land, implement "wage fields" and "old-age insurance fields," plant "wage forests" and "old-age insurance forests," and carry out "household forest farms" and "household agricultural farm." It is imperative to advocate to plant more cash crops and fruit plants. It is full of potential to grow greenhouse vegetables. The relevant departments should conduct research on the question of how to guide the peasants to develop township enterprises after they made money from growing grain crops and growing vegetables and thereby formed primitive accumulation. We should resolve the problem that some peasants grow cash crops but obtain poor economic efficiency. We should do research on how to supplement agriculture with industry and how to subsidize peasants for the increase of prices, and mobilize peasants' initiative to grow beet, flax, and flue-cured tobacco.

Zhang Dejiang Appointed New Jilin Secretary

OW0606152395 Beijing XINHUA in English
1515 GMT 6 Jun 95

[FBIS Transcribed Text] Beijing, June 6 (XINHUA) — Zhang Dejiang has been appointed Party Secretary of northeast China's Jilin Province by the Communist Party of China (CPC) Central Committee to replace He Zhukang, who is no longer party secretary or standing committee member of the CPC provincial committee.

XINHUA Commentaries View Li Teng-hui**Li Criticized**

*HK0706113795 Beijing XINHUA Domestic Service
in Chinese 0917 GMT 6 Jun 95*

[*"Commentary"* by XINHUA reporter Zhu Chengxiu (2612 2110 0208): *"Just See How Li Teng-hui Acts"*]

[FBIS Translated Text] Beijing, 6 Jun (XINHUA) — Li Denghui [Li Teng-hui], the top figure of the Taiwan authorities, recently has made some reckless [chang kuang 3715 3693] remarks and some absurd [guai bei 1843 1883] moves regarding the issue of cross-strait relations, causing sidelong glances from the people in the island and also from those outside the island. According to commentators, this series of acts by Li Deng-hui show that, he has rolled in the abyss of "Taiwan independence" to the extent that he has mud and water all over his body, and he can hardly remove those dirty stains.

Let us see how Li Deng-hui has performed in the public gaze.

The tendency of "Taiwan independence" indicated by Li Deng-hui's recent words and deeds, has given weight to the atmosphere of "Taiwan independence" on the island. Last year, he made public the intimate conversation he had with Japanese writer Rytaro Shiba, as a result he faced intense questions from within and from outside the island about his "Taiwan independence" intention, so he and his aides could not but come out to declare that he "advocates reunification." But before the loopholes were blocked, he disclosed his real feelings to everyone. For example, when he talked to the members of the Democratic Progressive Party, which advocates "Taiwan independence," he said that "reunification is lip service, in fact, what I want is the same as with what you want," and he also urged the backbone elements of "Taiwan independence" to "do it slowly, don't rush." Seeing these moves, the island's newspapers said that he "suddenly wants reunification and suddenly wants independence, is doubtful regarding reunification and independence," and is "capricious," consequently he enhanced the "Taiwan independence" force, which acquires "more banners, troops, and horses day after day," thus, leading to "repeated repercussions" in cross-strait relations.

However, although criticisms from within and from outside of the island against Li Deng-hui's "road of Taiwan independence" never ceased, he became increasingly enthusiastic in playing his trick of acting on two fronts. In his speech at the "national reunification meeting" in early April, on the one hand he reiterated that Taiwan and the mainland are Chinese territory, as well as the

need to promote reunification of the country, on the other hand, he no longer mentioned the need to uphold the "one China" principle, but stressed that the two sides of the strait are "two political entities not subordinate to each other," and "split and ruled separately," in fact, he wanted to define the two sides of the strait as two countries—"one China, one Taiwan," which have separate territory and sovereignty, and which are not subordinate to each other, so he overtly advocated reunification but covertly promoted independence; recently, he was heard saying that the saying that "Taiwan is part of the mainland" was "unacceptable," in an attempt to deny that Taiwan is an inseparable land of China. He also dumped his advocacy on cultivating the "brotherly sentiment" across the strait, and arrogantly said that Taiwan is "father" and the mainland is "son," and he added that "the other side of the strait has not collected even 10 cents in tax from Taiwan, but it says Taiwan belongs to it; no kidding." According to this logic, since China has not collected even 10 cents of tax from Hong Kong and Macao, it cannot resume exercise of sovereignty. The strange theory by Li Deng-hui mentioned above, and the fact that he swore at the CPC and called it "bandit" last year, is not worth the effort to refute. Of course, people may give a snort of contempt to his words which resemble those of a quarreling child, but they must seriously ponder his intention.

In recent years, Li Deng-hui has eagerly maneuvered in the international arena. He never hesitated to spend a large amount of money and a great deal of efforts to engage in so-called "vacation diplomacy" and "ceremony diplomacy," trying hard to squeeze into international meetings. He advocated "returning to the United Nations," and utilized all kinds of bails to develop political ties with some countries. According to information, this time he can go to the United States to engage in "alumni diplomacy," because he has spent over \$10 million to "lobby" U.S. congressmen and on other areas. Using such unscrupulous methods to squeeze into the international community, Li Deng-hui himself frankly said that the purpose is to "highlight" Taiwan's "existence." In order words, he spares no efforts to create "two Chinas" or "one China, one Taiwan" in the international community, and internationalize the Taiwan issue. Although his activities have been accompanied by some misleading words in order to be able to cheat some compatriots on the island, some people have also been able to see the danger they brought to the country's reunification, as well as the unrepairable damage to cross-strait relations. Some newspapers also said that, if for this reason Taiwan becomes a card in the hands of some countries, then, Taiwan will slip into an "involuntary" condition or even a condition which is "beyond redemption." It should be pointed out that, Li Deng-

hui indeed intends to let Taiwan fall into other people's hands and let Taiwan become a card, and he himself feels complacent over becoming a card for other people to use. Of course, this kind of behavior of upgrading oneself by relying on foreigners, is always held in contempt by the Chinese nation.

Li Deng-hui also deliberately created a tense atmosphere of military confrontation between the two sides of the strait. He went everywhere to buy warplanes, warships, tanks, and guided missiles, and last week he conducted three military exercises which were aimed at the other side of the strait. The Chinese Government cannot promise abandoning the use of force for the sake of safeguarding the country's sovereignty and territorial integrity, but he distorted it as "use of force to attack Taiwan," and repeatedly used this to sow discord between Taiwan compatriots and the motherland's government. In his speech on the eve of this year's spring festival, CPC General Secretary Jiang Zemin reiterated Comrade Deng Xiaoping's thinking and pointed out: "We insist on using peaceful method to realize peaceful reunification through negotiation; at the same time, we cannot promise that we will not use force, if we make such a promise, it can only make peaceful reunification impossible, and eventually lead to the use of force to settle the issue." This is "use of force to protect Taiwan" and not "use of force to attack Taiwan," and is for peace and not for war. When we say we cannot abandon use of force, we mean we want to realize peace. The two sides of the strait should walk peacefully toward reunification, and should not be allowed to walk peacefully toward separation; if the motherland's territory and sovereignty suffer separation, there is certainly no point in talking about peace. The knowledgeable persons within and outside of the island should be able to see this point clearly.

Regarding Mr. Li Deng-hui, out of consideration for his status on the island, to a certain extent the people here have always tolerated his inappropriate words and deeds. However, to win other people's respect, one must first respect himself. Whether he can climb out of that deep trench of "Taiwan independence" with mud and water all over his body, is a matter up to him. The long stream of history proves that, the entire Chinese people, including Taiwan compatriots, will beat all the reactionary forces, inside and outside the country, that divide the country; and that they will eventually realize complete reunification of their motherland.

Li's Visit Viewed

*OW0706055795 Beijing XINHUA Domestic Service
in Chinese 0155 GMT 7 Jun 95*

[*"Commentary"* (shu ping 6615 6097) by XINHUA reporter Fan Liqing (5400 7787 7230): "Li Denghui Buys Admission Ticket To Enter the United States Without Regard to the Cost"]

[FBIS Translated Text] Beijing, 7 Jun (XINHUA) — In order to open up so-called "room for diplomacy," the Taiwan authorities in recent years have spared no effort to pave the way with money, "make multiple tries," and "go about selling their ideas" everywhere. They are attempting to find potential backers for Taiwan in the United States, join more international organizations with Americans' support, and even "join the United Nations." Such a disgusting act of relying on money to peddle such smuggled goods as "separate governments" and "two equal political entities" in the international community in an attempt to create two "Chinas" or "one China, one Taiwan" has met strong opposition in Taiwan.

The Taiwan authorities' "lobbying" in the United States has different contents in different historical periods. The recent U.S. consent to Li Denghui's [Li Teng-hui's] visit and the exposure of the "Cassidy [transliteration of name as received] event" in Taiwan not long ago have resulted in the Taiwan authorities' "money diplomacy" and "overseas lobbying" activities thoroughly being unmasked in front of the people.

Exactly how much money does a year's lobbying in the United States cost the Taiwan authorities? Very few people can see the whole picture, because it involves many organizations and the actual situation is strictly withheld from any outsider's knowledge. However, since Taiwan newspapers reported the "Cassidy event," people have found that in order to enable Li Denghui to visit the United States, an organization known as the "Institute for Comprehensive Research of Taiwan" specially set up by Li's trusted followers signed a three-year contract with the Cassidy Public Relations Company of the United States for the latter to lobby in the United States, and the institute paid \$5.7 million for the contract. This is why there have constantly been "bubble news reports" in Taiwan since last year about so-called a joint invitation by U.S. senators for Li to visit the United States.

The Taiwan authorities' lobbying in the United States stops at no expense. Both "government" and "non-governmental" organizations are taking part in the lobbying. They include organizations in the political, "diplomatic," economic, cultural, and academic fields. They do not hesitate to collude with "Taiwan independence" elements and organizations. Their only method of lobbying is to pave the way with money.

According to relevant sources in Taiwan, since Li Denghui took office, Taiwan's money-spending lobbying department has been making moves toward Cornell University of the United States, and "frequently donated money to Cornell University." From 1988 to 1991, the "Institute of International Relations, National Chengchi University" of Taiwan spent \$1,187,300 on lobbying in the United States, including a sum of \$372,700 paid to Harper [transliteration of name as received] Company in 1991 for its service of setting up a "scholarship" for the institute at Cornell University. Through the "Institute of International Relations," the Taiwan authorities have invited influential personalities in U.S. political circles, such as the chairman of the Heritage Foundation, to visit Taiwan or come to "collect donations" and instigated Taiwan's important political figures to visit their alma maters in the United States to practice "alumni diplomacy."

Last year, to support its frequent lobbying activities and promoting public relations, Taiwan's "Ministry of Foreign Affairs" earmarked as much as NT [new Taiwan] \$340 million from its "classified budgets" for "special expenses," and spent most of the money on U.S. politicians. Items to be lobbied included upgrading the level and status of Taiwan personnel in the United States attending important occasions, supporting sales of U.S. weapons to Taiwan, and so forth.

According to a U.S. attorney general's report to the Congress, in 1991, the 51 companies serving as Taiwan's lobbying agencies registered at the U.S. Department of Justice received total rewards of over \$5.103 million. Of these 51 companies lobbying for Taiwan, 11 were hired by Taiwan's "International Trade Bureau of the Ministry of Economic Affairs," and 12 were hired by Taiwan's semiofficial "Foreign Trade Association." U.S. Department of Justice statistics show that, during the four-year period from 1988 through 1991, Taiwan's "International Trade Bureau" and "Foreign Trade Association" spent some \$3.825 million and \$4.195 million, respectively, on lobbying activities. These lobbying activities were carried out under many names. For example, in 1991, the "Foreign Trade Association" paid more than \$592,000 to a New York foreign trade association company, and also paid close to \$224,000 to Washington's Hana O'Connor [transliteration of name

as received] Company to lobby the U.S. Congress and executive officials to support Taiwan from an economic perspective.

The Taiwan authorities not only spend money to hire companies, but also individuals, to lobby for them. According to a report, in 1990 and 1991, Taiwan's "International Trade Bureau" paid more than \$210,000 to an agent named Rosenblatt to do the work of recommending ways to expand and improve Taiwan-U.S. relations and help arrange appointments with certain U.S. officials.

Certain so-called "poor" institutions, such as the "China Human Rights Association" and the "Chinese Society of Journalism," have also spent tens of thousands of U.S. dollars on carrying out political propaganda in the United States. During one month in 1990, these two institutions paid the Hanfna [transliteration of name as published] Public Relations Company \$437,000 for assistance in running advertisements attacking China in U.S. papers and magazines. From 1988 to 1991, the company received \$890,000 from Taiwan's "Executive Yuan Government Information Office" in lobbying fees.

In recent years, the Taiwan authorities have also been working hand in glove with "Taiwan independence" advocates and organizations in carrying out lobbying activities. The "Taiwanese People's Public Affairs Association" and the "All-America Association of Taiwan Province" in the United States, as well as the Democratic Progressive Party and "Taiwan independence" advocates on the island, have been collaborating with the Taiwan authorities with the latter's tacit understanding, and helped the Taiwan authorities lobby the U.S. Congress and the executive departments for supporting Taiwan "to join the United Nations."

Even when only a small part of the Taiwan authorities' lobbying activities has been exposed, people can see how the Taiwan authorities have used Taiwan people's hard-earned money to seek self-importance [zi zhong 5261 6850] with foreign support and undermine cross-strait relations.

Li's 'Political Scheme'

OW0706062895 Beijing XINHUA Domestic Service
in Chinese 0158 GMT 7 Jun 95

[Commentary" by Duanmu Laidi (4551 2606 0171 1229) "A Serious Act That Deviates From the One-China Principle" — Commenting and Analyzing Li Denghui's Political Scheme of Paying a 'Private Visit' to the United States"]

[FBIS Translated Text] Beijing, 7 Jun (XINHUA) — Li Denghui [Li Teng-hui] the no. 1 man in power of the

Taiwan authorities, will pay a so-called "private visit" to the United States from 7 to 12 June, under the guise of attending Cornell University's commencement. On the part of the U.S., this is a serious act that violates the fundamental principles of the three Sino-U.S. joint communiques, infringes on China's sovereignty, and undermines China's peaceful reunification; on Li Denghui's part, this is a new step in deviating from the one-China principle and in splitting the motherland. Li Denghui's move cannot but arouse deep concern among all Chinese people.

Since the U.S. Government announced that it has decided to allow Li Denghui to visit the United States, it has repeatedly said that this is only a "private visit." Actually, from what Li Denghui has said and done, we can completely assert that his visit will not simply be a "private visit," nor a visit to relive his memory of his days in Cornell. Even Li Denghui himself does not deny that the purpose of his visit is to "demonstrate" on the international arena the "existence" of Taiwan, and to "expand international space." More clearly put, Li Denghui's U.S. visit has a deeper political motivation — he will use the opportunity of opening up the U.S. door to more actively launch an "offensive" in Washington, so as to gradually "internationalize" the Taiwan issue and make the current separation of the two shores "fixed" [gu ding hua, 0942 1353 0553] or even "permanent."

Since Li Denghui took power, he has been bent on expanding "international space," attempting to seek greater political development to break Taiwan's "diplomatic predicament and international isolation" and to create "two Chinas" or "one China, one Taiwan." Especially over the last two years, the Taiwan authorities have spared no efforts in "setting fires everywhere"; have launched offensive in various ways; have launched "flexible and pragmatic" diplomatic activities at all costs under the guise of "vacation," "transit," and "private" visits. They have peddled around the rubbish that "the two shores are split and separately governed," "the Republic of China [ROC] on Taiwan is a sovereign and independent country," and "only Taiwanese have complete and independent sovereignty over Taiwan"; have done everything they can to gain the so-called "right of international representation" that is the same as that currently enjoyed by the PRC; and have raised a hub-bub on the international arena to "re-enter the United Nations." Since last year, Li Denghui, not hesitating to cheapen himself, has personally gone to some countries in Southeast Asia, Central and South America, South Africa, and the Middle East, to lobby them using economic aid and investment as form of bait. The United States, of course, is the key for Taiwan breaking out

of its "diplomatic predicament." To open up the U.S. door, Taiwan has paved the way with money, done everything it can, paid a high price to a public relations company for lobbying purposes, and bribed government officials using various means, thus making it possible for Li Denghui to visit the United States as an alumnus of Cornell University. According to some accounts, Taiwan's donation to Cornell University alone amounted to \$4.5 million. In short, visiting the United States has been Li Denghui's dream, a long-premeditated plan, and a major step in the overall plan of Taiwan's "flexible and pragmatic" diplomacy. How can this be "simply a private visit?"

Li Denghui's U.S. visit, a serious act that deviates from the one-China principle, impairs the Chinese nation's overall interests, delays the process of the motherland's peaceful reunification, and has created new obstacles to the development of cross-strait relations. As everyone knows, with the efforts made over the last decade and more by the people on both sides of the strait, relations between the two shores are developing favorably toward the motherland's peaceful reunification. A new development trend has emerged in cross-strait economic and trade relations and exchanges in other fields, and the Association for Relations Across the Taiwan Strait and Taiwan's Strait Exchange Foundation recently successfully held their first preparatory consultation on the second round of Wang-Gu [Wang-Ku] talks.

However, at this juncture, Li Denghui, disregarding the nation's overall interests and cross-strait relations, promotes himself on the strength of foreigners, creates opportunities for foreign forces to further meddle in the Taiwan issue, and encourages the rampant spread of "Taiwan independence" forces in and out of the island. This cannot but arouse the indignation of the people on both sides of the strait.

Li Denghui's visit to the United States once again exposes his inclination toward "Taiwan independence." He climbed up to the international stage to publicize what he called "the presence of the ROC on Taiwan," "the two sides are two political entities not subordinate to each other," and the "division into two sides and separate rule." In the final analysis, the goal is to create "two Chinas" or "one China and one Taiwan." His past verbal advocacy for "reunification" has become a shield for promoting "two Chinas" or "one China and one Taiwan" in action.

Li Denghui's visit to the United States is also aimed at creating momentum for his "reelection campaign." For the sake of seeking an "undeserved reputation" from his visit to the United States, Li Denghui has cooperated with the anti-Chinese forces in the United States to

vigorously promote "two Chinas" or "one China and one Taiwan" and undermine the motherland's peaceful reunification. This is by no means a prudent action on the part of the Taiwan authorities, nor a blessing to the Taiwan compatriots.

Paper Lashes Out at 'Taiwan Independence'

HK0606035895 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 27 Apr 95 p 5

[Article by Yu Keli (0151 0344 4409) and Wang Sheng (3769 0581): "History Brooks No Distortion, and 'Taiwan Independence' Does Not Enjoy Popular Support—Denouncing the Conduct of 'Taiwan Independence' Elements of Taking Advantage of the Centenary of the 'Treaty of Shimonoseki' To Split the Country"]

[FBIS Translated Text] April 17 this year marked the centenary of the signing of the "Treaty of Shimonoseki."

A hundred years have elapsed since then, but the guns of the 1895 Sino-Japanese War could still be heard ringing in our ears and the humiliation of the "Treaty of Shimonoseki" again came to mind. However, some "Taiwan independence" elements leapt at the opportunity and made a fuss about the centenary in their vain attempt to look for a historical basis for their advocating of "Taiwan independence."

"Taiwan independence" elements had long plotted to unleash activities of "publicizing Taiwan independence notions and fostering Taiwan independence sentiments" on the occasion of the centenary of the signing of the "Treaty of Shimonoseki." In early April, pro-"Taiwan independence" newspapers in Taiwan began serializing "special commemorative articles on the centenary of the Treaty of Shimonoseki" which distorted the facts of history. Subsequently, "Western-educated" "Taiwan independence" scholars with foreign passports showed up at seminars, discussions, and lectures one after another, preaching "Taiwan independence" notions such as "Taiwan has been separated from China for 100 years since the 'Treaty of Shimonoseki,'" "Taiwan has twice been subject to the colonial rule of foreign regimes in the past 100 years, it cannot be subjected to the rule of the People's Republic of China the third time," and "the people of Taiwan must foster the concept of 'Taiwan for the people of Taiwan,' cut off their emotional links with China, and establish a country which mainly serves the interests of the 21 million Taiwanese." On 15 April, a "100-man delegation for the centenary of the Treaty of Shimonoseki" assembled by the "Taiwan International League," a "Taiwan independence" organization, visited Shimonoseki in Japan under the leadership of a Democratic Progressive Party [DPP] "legislator" and held a "rally commemorating the centenary of the Treaty of

Shimonoseki" at the Chunfan Restaurant. They also visited the former residence of the then Japanese governor in Taiwan, thanked Japan for separating Taiwan from China 100 years ago, and preached the "advantages" of Japan's 50-year rule in Taiwan. Some Taiwan scholars angrily pointed out: "Such servile flattery, which shows neither regard for the state and the nation nor any self-respect, not only brings shame to themselves and to members of the DPP but brings shame to everyone in Taiwan. This is really preposterous. Such servile behavior toward the Japanese even shocked the Japanese. Is this not most preposterous and shameless?" What was more, on 16 April, the "Taiwan Association of Professors," the "One-Taiwan One-China Action Alliance," the "Taiwan Independence and National Reconstruction Alliance," and other "Taiwan independence" organizations staged in broad daylight a most hilarious farce in their parade through the streets of Taiwan to commemorate the centenary of the Treaty of Shimonoseki and separation from China. DPP Chairman Shi Mingde, Peng Mingmin, and other leaders of the party took part in the parade flaunting "chrysanthemum flags" which symbolized the royal family of Japan. In their speeches at the end of the parade, they "thanked the Treaty of Shimonoseki for helping Taiwan to forever cut itself off from the rule of China," claimed that "Taiwan independence is normal," and that talks of reunification were "absurd and preposterous." They really behaved with unbearable insolence in their splittist activities. Such actions cannot be tolerated.

Taiwan has been part of China since ancient times. There were records on Taiwan in Chinese historical literature dating back 1700 years. In the 17th century, the Chinese people started going to Taiwan in large numbers, where they engaged in large-scale construction and eventually settled down. Starting from the Yuan dynasty, successive Chinese governments all established their own administrative organs in Taiwan. In 1885, the Qing government officially established Taiwan as a province and had all along exercised effective rule over the island. These are historical facts which can be verified in numerous history books and literature. The allegations made by the "Taiwan independence" elements, that Taiwan has not been part of China since ancient times, that it was "a land with no owner," and that "China only controlled Taiwan in name and had never assumed state responsibility," were sheer nonsense.

The "Taiwan independence" elements asserted that China had completely surrendered its sovereignty over Taiwan 100 years ago, and that when Japan declared its intention to relinquish sovereignty over Taiwan 50 years ago, it did not state clearly that Taiwan was to

be returned to China. Such assertions were even more absurd.

As everyone knows, when China declared war on Japan in 1937, it publicly announced that all treaties, agreements, and contracts which concerned Sino-Japanese relations were to be scrapped. It also solemnly declared its intention to "recover Taiwan, Penghu, and the four northeastern provinces."

The "Cairo Declaration" signed by China, the United States, and Britain in 1943, and the "Potsdam Declaration" signed by China, the United States, Britain, and the Soviet Union in 1945 both recognized that Japan must return all territories seized from China, such as Manchuria, Taiwan, and the Penghu Islands. Japan surrendered on 15 August of the same year. In the surrender note, Japan accepted "the provisions in the Potsdam Declaration." At the 25 October ceremony when Taiwan Province of the Allied Forces China War Theater accepted the surrender, the presiding officer solemnly made this declaration on behalf of the Chinese Government: From this day on, Taiwan and the Penghu Islands will once again return to the map of China. All matters relating to the land, the people, and politics of these territories will come under Chinese sovereignty. This historical process and historical fact is recognized by the international community, including Japan. That Taiwan is part of China is crystal clear.

When the "Taiwan independence" elements made use of the "Treaty of Shimonoseki" to fabricate their so-called basis for their absurd "Taiwan independence" arguments, they also made the following assertion: "One who calls for the merger of Taiwan and China must have forgotten his origin." It was as if the forefathers of our compatriots in Taiwan really advocated "Taiwan independence." How absurd! If we look at the history of Taiwan, we will clearly see that in the struggle to oppose foreign aggression and maintain national sovereignty and territorial integrity, our compatriots in Taiwan and the people on the mainland have always been in the same boat and working hand in hand. When the cession of Taiwan under the "Treaty of Shimonoseki" was announced, the people of Taiwan could not suppress their grief, and "wails could be heard everywhere." They organized their own voluntary army to fight occupation by the Japanese invaders, claiming that "we would rather lose Taiwan after everyone had fought and died than hand it over on a platter." In the 50 years of the Japanese occupation, the people of Taiwan never submitted. They waged "one small uprising every three years and one major uprising every five years." They heroically fought the enemy, stepping into the breach as another fell. Their heroic and moving deeds fighting against the Japanese filled many annals, and there emerged a large number

of anti-Japanese heroes, such as Xu Xiang [1776 7534], Jian Dashi [4675 1129 3740], Chen Qiuju [7115 4428 5468], Lo Fuxing [5012 4395 2502], and Yu Qingfang [0151 3237 5364]. In those 50 years, 650,000 people in Taiwan laid down their lives in the fight against Japanese colonial rule. These Taiwan martyrs and men of virtue were convinced that "Taiwan means China's Taiwan, their nation means the Chinese nation, and their land means China's land." Their "feeling that China is their motherland cannot be brushed aside." They embodied the lofty patriotic sentiments and awe-inspiring national righteousness of our compatriots in Taiwan. As we commemorate the centenary of the "Treaty of Shimonoseki," we should cherish the memory of how these martyrs fought and sacrificed their lives for their country and their nation and how they upheld justice. If we take this as the basis for the promotion of Taiwan independence [no quotes as published] with ulterior motives, we will not only be distorting history but will feel shame before our ancestors. How can we face the past and console these martyrs in heaven? The "Taiwan independence" elements distorted history and trampled upon the achievements of the martyrs and men of virtue. Rather than resolving to avenge the national shame, they praised the Japanese for their colonial rule over Taiwan. They are really unworthy descendants of the people of Taiwan.

The "Treaty of Shimonoseki" was a humiliation for the people of the whole of China. Taiwan was separated from the motherland for 50 years because of it. When the people of Taiwan suffered oppression under the aggressors, the mother country also felt grieved. For reasons known to all, Taiwan was once again separated from the motherland only four years after returning to its embrace, and this separation has continued till now. This is the greatest misfortune. We look back over the course of history because we want to remind ourselves of its bitter lessons. We must not be vague on matters of national sovereignty and territorial integrity. No one should be allowed to touch our territory. In an important speech delivered on 30 January this year, President Jiang Zemin made clear once again the Chinese Government's firm stance on this question: "China's sovereignty and territory cannot be separated. All words and deeds aimed at creating 'Taiwan independence' should be resolutely opposed."

This was a solemn summary of the lessons taught by history, an incisive account of the aspirations of the people of the whole of China. It is the common aspiration and ardent desire of the people on both sides of the Taiwan Strait to oppose plots aimed at splitting the motherland, to oppose "Taiwan independence," and to realize the peaceful reunification of the motherland.

The "Taiwan independence" elements who hold fast to their unrealistic fantasies, who ignore the wishes of the people on both sides of the Taiwan Strait, and who wantonly engage in "Taiwan independence" activities aimed at splitting the country and the nation will stand condemned through the ages.

Professor Yen Qinhang [7051 3084 1854] of Taiwan Zhengzhi University rightly said: "It is with a serious and heavy heart that we commemorate the centenary of the Treaty of Shimonoseki, but there is to be no misunderstanding that one can wilfully obliterate and distort history to make it serve present needs. We must take history as our mirror, bear in mind the lessons learned from history, bear in mind the larger and long-term interests of the country and the nation, and prevent the repetition of mistakes made in the past. This is the true meaning of historical knowledge and the value of historical wisdom."

Editorial on Li's Counterproposal on Unification

*HK0606095495 Hong Kong TA KUNG PAO
in Chinese 12 Apr 95 p a2*

[Editorial: "Hong Kong People Will Enjoy a High Degree of Autonomy and Will Not Be Meddled With by Taiwan Authorities"]

[FBIS Translated Text] Responding to the eight-point proposal made by Jiang Zemin during the Spring Festival on developing cross-strait relations and promoting the process of peaceful reunification of the motherland, Li Teng-hui also advanced the KMT's six-point proposal to Taiwan's "National Unification Committee" last weekend. The media call it "Li's six points" for short. In fact, of "Li's six points," only five really deal with cross-strait relations. The sixth point has to do with Hong Kong and Macao. The proposal openly declared that they will "take a further step toward participating in the affairs of Hong Kong and Macao." This has exposed the intent to meddle in Hong Kong and Macao and therefore warrants the serious concern of Hong Kong and Macao compatriots.

Hong Kong and Macao will each set up a special administrative region [SAR] in 1997 and 1999 respectively and will, under Chinese sovereignty, pursue a high degree of autonomy in keeping with the principle of "one country, two systems." This will undoubtedly play a demonstrative role for the two sides of the Taiwan Strait to achieve peaceful reunification in keeping with the same "one country, two systems" principle in the future. Deng Xiaoping remarked long ago: The "one country, two systems" idea was advanced in light of China's realities. China is faced with the Hong Kong question and the Taiwan question. If they are to be resolved by

peaceful means, the principle must be acceptable to all parties concerned, hence the "one country, two systems" idea. That the Hong Kong question has been properly settled is because the "one country, two systems" fundamental principle or strategy is correct. The settlement of the Hong Kong question will have a direct influence on the Taiwan issue. The settlement of the Taiwan issue by means of "one country, two systems" should also be acceptable to Taiwan. Jiang Zemin's eight-point proposal is precisely an important step to continuously implement the basic principle of "peaceful reunification and one country, two systems." At present, Hong Kong and Macao compatriots at large approve of and support the "one country, two systems" principle. They expect success in its implementation and are actively preparing for that. Proceeding from the fundamental interests of Taiwan compatriots at large, one should also expect success in putting into practice the "one country, two systems" in Hong Kong and Macao. There is absolutely no reason for interfering with or doing damage to it.

Hong Kong and Macao are Chinese territory. But they have been invaded and occupied by other countries for many years. The PRC Government has now peacefully settled the question left over from history through diplomatic means and will resume the exercise of sovereignty over the two places at fixed times. This will be an extremely happy event for people of all nationalities across the country, including Taiwan compatriots. However, it is regretful that the Taiwan authorities stated that it "would never acknowledge" the Sino-British agreement on the question of Hong Kong at the time it was signed in 1984. They do not have the virtue of proceeding from overall national interest and demonstrating to the world that despite their political differences, the Chinese on the two sides of the Strait join hands to uphold sovereignty.

Over the years, while continually criticizing the Chinese Government's policy and principles for Hong Kong, the Taiwan authorities have stepped up intervention in Hong Kong and carried out overt and covert political activities. This time Li Teng-hui said "take a further step toward participating in the affairs of Hong Kong and Macao," claiming that the affairs of Hong Kong and Macao are an "unshirkable responsibility of the two sides of the Taiwan Strait." It has since been echoed in remarks by Taiwan personnel stationed in Hong Kong that the "regions of Hong Kong and Macao will be a testing ground for political cooperation between the two sides of the Strait." They have imposed this on Hong Kong and Macao compatriots. Hong Kong people do not wish that their homeland will change into such a political testing ground. After 1997, the Hong Kong SAR will pursue a high degree of autonomy and will

be ruled by Hong Kong people. Hong Kong's internal affairs will be free from intervention by any province of mainland China and, of course, free from intervention by the province of Taiwan. None of the mainland provinces have stated the need to "take a further step to participating in the affairs of Hong Kong and Macao"; why then have the Taiwan authorities made such a demand? Should Hong Kong and Macao as well as the various provinces and municipalities of the mainland also need to participate in or take a further step toward participating in Taiwan's affairs "in return?"

Taiwan organizations can continue to remain in Hong Kong after 1997 but must function under the scope as limited by the Basic Law of the Hong Kong SAR. They must not carry out any illegal activities aimed at splitting the country, fanning rebellion, or subverting the central people's government. Upholding only one China, likewise, is a principle the Hong Kong SAR must abide by. Last year, Taiwan organizations in Hong Kong attempted to hold "10 October celebrations" at the Hong Kong Cultural Center, which is governed by the Hong Kong Government, and created a political incident. This is what Hong Kong people do not wish to see again in the future.

Taiwan newspapers have recently disclosed an assassination attempt directed at former Premier Zhou Enlai by a Taiwan spy who placed a bomb on a plane departing from Hong Kong. The bloody incident took 17 lives, including that of Huang Zuomei. The reports also said that there were "agreements" between Taiwan's secret service and the British Hong Kong authorities. Hong Kong people hope that this page of history will be forever in the past. Learning from the past, one notices that some activities have been carried out with the connivance of the British Hong Kong authorities. Now that the Joint Declaration has been signed, as a signatory to the Joint Declaration the British Hong Kong government has the responsibility to implement all the articles of the Joint Declaration and ensure that there is an appropriate environment for the "rule of Hong Kong by Hong Kong people" in the future. They must not make it convenient for Taiwan to carry out its meddling or intervention attempts.

Academic Urges Learning From Taiwan

*HK0606091095 Shenzhen SHENZHEN TEQU BAO
in Chinese 28 Mar 95 p 10*

[Article by Fang Sheng (2455 3932), professor at Chinese People's University: "Enlightenment Provided by Taiwan's Economic Development"]

[FBIS Translated Text] In his important speech on developing cross-strait relations for the present stage

made at the 1995 Spring Festival tea party, Comrade Jiang Zemin came up with an eight-point proposal. One of the most important points is to vigorously develop cross-strait economic exchanges and cooperation to promote common economic prosperity and to bring benefits to the Chinese nation. With the speech gaining greater and greater popular support with each passing day, we can expect further development in cross-strait economic and trade ties. The process of developing the cross-strait economic and trade ties is a process of the two sides learning from each other in the economic field to make up their deficiencies and also a process of the two sides drawing on each other's experience in developing their economies. For us, a matter worth studying is: What is the reason for Taiwan's economic take-off? What experience gained by Taiwan in developing its economy should we draw on?

In my view, though Taiwan is troubled by serious problems in many fields (including the economic field), the major change it has effected in its economy is undeniable. In the 1960-1992 period, its average annual growth rate was 9 percent while the corresponding price growth rate was 6.3 percent. Such an achievement has been rarely seen in the world. Taiwan's per-capita GNP was \$154 in 1960, increasing to \$10,215 in 1992 and to \$12,000 now.

Some people said that this was because the Kuomintang took with them a great amount of gold when they fled the mainland while others asserted that this was because they obtained a lot of "U.S. aid." We should be aware that though the gold, and especially "U.S. aid," did play a major role in the initial period of Taiwan's economic development, we should not attribute its development in later periods to these two factors. I believe an important reason for Taiwan's economic achievement lies in the fact they pursued an economic policy which conformed to local realities and was conducive to the development of the productive forces. The following points are worth learning from.

1. They Handled the Relationship Between Agriculture, Light Industry, and Heavy Industry Fairly Well and Thus Formed a Sound Cycle of Economic Development

After recovering Taiwan from Japan, the authorities first applied themselves to agricultural development to revitalize the economy. From 1949 to 1953, the authorities carried out land reform in accordance with the principle of "land to the tiller" and trained a great number of owner-peasants, laying a social foundation for developing agriculture. In the meantime, they turned land owners into shareholders, in other words, turned land-

lords into entrepreneurs, through introducing a buying-out policy, thus providing favorable conditions for industrialization. Peasant associations were set up in various places throughout Taiwan to provide the means of production to peasants, to market farm produce, and to popularize advanced techniques. The peasant associations also ran many forage and chemical fertilizer plants to serve peasants and to promote agricultural production. The wages of staff of the peasant associations, who were returned regularly, were paid by the enterprises run by the peasant associations. The development of agricultural production and increased peasants' income provided the market and labor needed for the development of light industry. After agriculture and light industry had been developed, chemical and heavy industries, including the iron and steel industry and the auto industry, were also developed. The developed heavy and chemical industries, in their turn, promoted agricultural and light industrial development, forming a sound cycle of economic development.

2. Importance Was Attached to the Construction of Infrastructural and Community Facilities, Education, Science and Technology, and Qualified People

In the 1970's, Taiwan spent NT\$210 billion [new Taiwan dollars] on 10 major construction projects, of which seven were hardware projects—a nuclear power station, a south-north expressway, the Taoyuen international airport, electrification of railroads, the Peihui railroad, the Central Taiwan port, and the Suao port, thus laying a material foundation for further economic development. They gave priority to education. While making nine-year compulsory education and elementary education universal in a down-to-earth manner, they vigorously developed higher and vocational education to cultivate the qualified people needed for economic construction. In the meantime, they worked hard to raise the overall quality of higher education to train the personnel of a high caliber needed for modernization. The Taiwan authorities encouraged students to study abroad and made efforts to give play to individual enthusiasm for running education. The authorities also gave priority to scientific and technological progress and took many effective measures to achieve this. For instance, they established in the early stage export processing zones, the Hsinchu Science Park Zone, and research institutes of industrial technique—all these were designed to study and develop advanced sciences and technologies to develop industries. The Taiwan authorities stressed the need to value knowledge and talented people and to give play to experts. In my opinion, the ability of the Taiwan authorities to formulate a set of economic policies adapted to their actual conditions had everything to do with their

principle of bringing the role of experts and scholars into play. Many of the experts and scholars were from the mainland. These experts, scholars, and other scientific and technological personnel were invaluable assets, making outstanding contributions to Taiwan's economic take-off.

3. Taiwan Vigorously Developed an Export-Led Economy and Expanded Export Business

As Taiwan had a small domestic market and lacked natural resources, it made great efforts to develop foreign economic relations and join the world market. Since the 1960's, Taiwan has pursued an export-led strategy. To this end, the Taiwan authorities promulgated following policies: Introducing a single exchange rate and encouraging and helping firms to expand export business and providing low-interest loans to them. The authorities also set up a fund to support sales promotion abroad and encourage exports. To expand exports, the authorities have built the Gaoxiong, Nanzi, and Taizhong export processing zones since 1965. They are free trade and bonded zones engaged in processing. In Asia special zones of this kind were first seen in Taiwan. These three export processing zones have increased their total export volume to \$40 billion and have played an important role in introducing foreign capital, advanced technologies, and scientific management techniques, which have helped promote economic development. To expand exports, the authorities set up a foreign trade development association in 1970. It now has 700 staff members and has set up 42 offices overseas. The tasks of this association and its offices are to collect commercial information, conduct marketing surveys, hold trade talks, organize commodity fairs, make product designs, plan the packaging of products, and train personnel for firms.

4. Ensuring Steady Economic Growth and Preventing Violent Economic Fluctuations

The development model of "economic growth going hand in hand with stability" is worth learning from. In the 10-year period from 1983 to 1992, Taiwan registered an average annual economic growth rate of 12.8 percent and a corresponding price growth rate of less than 1 percent. The 1988 economic growth rate was 5.02 percent, the lowest among the rest, and the corresponding price growth rate less than 4 percent. As the economy grew steadily, society was comparatively stable and the people's living standards were gradually raised. While achieving steady economic growth, the authorities stressed the need to stabilize the money supply and exercised macrocontrol as warranted. Though Taiwan practices a "planned free economy," the administration has played a bigger role in economic development than the administrations in Western countries

have. For instance, they came up with the "suggestive [ti shi xing 2251 4355 1840] plan" to guide economic development; gave play to finance, banking, and other macro economic levers; and ensured "steady economic growth." This reveals that the market economy under the capitalist system also comes under macro control rather than expanding unchecked.

In my view, we should draw on the above experiences gained by Taiwan in its economic development, and at the same time we should learn a lesson from their troubles. Especially, we should guard against the "bubble economy." Taiwan's economy took off in the early 1970's, but it developed into a fairly serious "bubble economy" in the late 1980's. Under the "bubble economy," Taiwan's per-capita GNP soared to \$800 billion [as published] and local people had more money at their disposal, but unimpeded investment outlets were

unavailable. As a result, many people first developed a passion for gambling and then speculated on shares and real estate while the underground economy ran wild. Affected by the "bubble economy" brought about by speculation, many people became opportunistic and no longer worked hard. All this did great harm to Taiwan's economy. What had more undesirable far-reaching influence was moral degradation, listlessness, and corrupt social values including those of "looking down upon the poor but not prostitutes." We should take a warning from this. In addition, in Taiwan, government-run enterprises have poor efficiency, many businessmen are more and more unwilling to make local investment, and the gap between rich and the poor is widening. We should also look upon these as serious problems and draw lessons from them.

President Li, Entourage Leave for U.S. Visit

*OW0706104095 Taipei CNA in English
1016 GMT 7 Jun 95*

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, June 7 (CNA) — President Li Teng-hui, accompanied by his wife and a small entourage, left Taipei Wednesday aboard a chartered China Airlines plane for a private visit to the United States.

As Li is the first incumbent Republic of China [ROC] president to visit the U.S., his visit is widely believed to mark a new milestone in the ROC's pragmatic diplomacy.

Prior to his departure, Li told a Kuomintang central standing committee meeting in his capacity as the party's chairman that his U.S. visit symbolizes world recognition of the ROC's achievements in political democratization and economic development over the past four decades.

Noting that the ROC's achievements are the result of joint effort of all the 21 million people living in Taiwan, Li said his U.S. visit will highlight the ROC's continued existence in the world community.

Li said one of Cornell University's presidents liked to say "be realistic, demand the impossible." "I always remember this buzzword and I'll do my best to lead our nation to win more respect and recognition in the world society," he added. Li received his doctorate in agricultural economics from Cornell in 1968.

On Beijing's protests of his U.S. visit, Li said he hopes his trip will help boost mutual understanding and relations between the two sides of the Taiwan Strait.

"I sincerely hope Mainland Chinese leaders will understand that China is now divided and ruled by two separate governments and that China will be reunified under freedom and democracy, not under a communist system," Li said. "I hope Beijing will not use nationalism to press us to unite with it under its own terms."

Li's plane took off at Chiang Kai-shek international airport at 12:48 P.M. and is scheduled to arrive in Los Angeles at 2 A.M. Thursday Taipei time. He will stay overnight at Los Angeles and will then travel to his alma mater for an annual alumni reunion.

Li will deliver a speech on Taiwan's development over past decades at Cornell University's Spencer T. and Ann W. Olin lecture at 3 P.M. June 9 local time. He will be the first Asian leader to deliver the address since the Olin lecture was launched nine years ago.

Li's entourage includes Wu Poh-hsiung, secretary-general to the president; Ding Mou-shih, secretary-general of the National Security Council; vice foreign affairs minister Chen Hsi-fan; and Jason Hu, director-general of the Government Information Office.

Li is scheduled to return to Taipei June 12. He will give a news conference upon his return to brief the press on his historic U.S. visit.

Opposition Parties Support Trip

*OW0706034395 Taipei CNA in English
0135 GMT 7 Jun 95*

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, June 6 (CNA) — In a rare sign of agreement, the Legislative Yuan on Tuesday [6 June] passed a resolution unanimously supporting president Li Teng-hui's U.S. visit, which begins Wednesday.

Legislator Li Tsing-yung of the Democratic Progressive Party, Taiwan's major opposition party, proposed that the Legislative Yuan include in the resolution a message to Li, wishing him success on his journey, and the proposal passed the normally belligerent legislature with no opposition.

Also on Tuesday, the Chinese New Party, with a core composed of disgruntled former Kuomintang members, issued a written statement affirming their support for Li's U.S. visit. "(Li's visit) is not only a personal honor but represents a step in the nation's efforts to cope with Beijing's attempts to isolate Taiwan in the international community," the statement said.

It called on all ROC citizens, overseas Chinese, and party backers to support the visit. Li is the first ROC president in office to visit the United States, even though the tour is considered "private" in nature.

Li, in addition to delivering a speech at his alma mater, Cornell University, will receive an award as an outstanding alumni.

Taipei Freezes Contributions to Development Bank

*OW0706113295 Taipei CNA in English
0951 GMT 7 Jun 95*

[By Debbie Kuo]

[FBIS Transcribed Text] Taipei, June 7 (CNA) — The Central Bank of China (CBC) will freeze its contributions to the Asian Development Bank's (ADB) Asian Development Fund (ADF) until the bank restores Taiwan's formal title in the organization, CBC Governor Sheu Yuan-dong said Wednesday.

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Sheu, in his first interpellation session at the Legislative Yuan since assuming the CBC post in March, told legislators that the central bank will stop the donations in protest of the bank's unilateral change of Taiwan's designation in the institution.

Legislator Liao Ta-lin said the Legislative Yuan will consider canceling a budget routinely set aside for the contributions.

Sheu met with ADB President Mitsuo Sato and other ADB officials in early May during the 18th ADB annual meeting in Auckland, New Zealand and expressed Taiwan's deep concern about the change of designation.

Sheu expressed the hope that the ADB will seriously consider Taiwan's position and make a proper response to the name dispute. The regional bank has so far not made any response to the CBC concerning the issue.

Taiwan joined the ADB as a founding member in 1966 under the name the "Republic of China [ROC]." The name was changed to "Taipei, China" in March 1986 when Mainland China became an ADB member. Taiwan has rejected the change and has since attended ADB meetings under protest.

Sheu told Sato that although Taiwan is willing to contribute more to the ADF, it cannot seriously consider the fund-donation issue until its designation in the ADB is improved.

Taiwan controls a 0.93 percent stake in the ADB, or 19,270 shares, worth about US\$247.54 million.

The ADB currently has 55 members, with 39 in the Asia-Pacific and 16 outside the region.

North Korea Seeking Taipei Funds To Buy Food

*OW0706132495 Taipei CNA in English
0956 GMT 7 Jun 95*

[By Chiang Yuan-chen and Debbie Kuo]

[FBIS Transcribed Text] Seoul, June 7 (CNA) — North Korean authorities have asked for soft loans from six countries, including Taiwan, to purchase much-needed grain supplies, sources in the South Korean Government said Wednesday [7 June].

The sources said that North Korea, in desperate need of 2.5 million metric tons of grains to meet annual consumption of some 5.72 metric tons this year, has contacted Japan, the U.S., Taiwan, Mainland China, Thailand and Egypt recently for emergency help.

The North Korean International Trade Promotion Committee has reportedly asked Japan to supply 600,000-800,000 metric tons of rice which it promised to repay based on a long-term low-interest loan program.

Pyongyang also asked the United States for 400,000 metric tons of wheat with similar repayment terms. Other requests were made to Taiwan for 800,000 tons of rice; 500,00 metric tons of grains from Mainland China; 500,000 metric tons of rice from Thailand, and 500,000 metric tons of rice from Egypt, the sources aid.

Not all of the nations are ready to respond, the sources said, given the weak guarantees Pyongyang is offering for the proposed soft loans.

Meanwhile, officials at South Korea's National Unification Council said Seoul is willing to render the help by shipping South Korean rice to the North, "only if the issue is negotiated between officials of the two sides through proper channels."

Taipei, Ottawa Issue Communique After Meeting

*OW0706114495 Taipei CNA in English
0935 GMT 7 Jun 95*

[By S.C. Chang and Danielle Yang]

[FBIS Transcribed Text] St. Andrews, Canada, June 6 (CNA) — A joint communique was issued after the successful conclusion of the 9th joint meeting of the Canada-Taiwan business association held in New Brunswick on Tuesday [6 June].

In the communique, Canada's Minister of Transport Douglas Young and Minister for International Trade Roy MacLaren clearly expressed their support for Taiwan's membership in major international economic and trade organizations, including the World Trade Organization, the International Monetary Fund and the World Bank.

Both sides recognized the importance of the Asia-Pacific Economic Cooperation (APEC) forum as an institutional linkage facilitating the growth of commercial relations between Canada and Taiwan.

The representatives also agreed that Canada and Taiwan should continue to work through APEC to ensure rules-based approach to increasingly open, transparent and liberalized global trade and investment regimes.

Both sides expressed a high desire for economic and trade cooperation in the communique and said this was evidence of an increasing strong and friendly partnership between Taiwan and Canada.

The 98-member Taiwan delegation to the annual meeting was led by Theodore Cheng, chairman of the Canadian Committee of the Chinese National Association of Industry and Commerce. The 143-member Canadian group was led by Tom Appleton, chairman of the Canada-Taiwan Business Association.

The Canadian delegation told Taiwan delegates that Canada remains one of the world's most attractive investment locations. Canada attracted US\$15 billion foreign investment between 1990 and 1992 despite the global economic downturn.

The Canadian delegates said they hope Taiwan's plans for the regional operations center will provide Canadians with greater market opportunities in Taiwan for their goods, services and technologies.

Republic of China [ROC]'s Finance Minister Lin Chen-kuo and Vice Minister of Transportation and Communications Mao Chih-kuo also attended the June 3-7 joint meeting.

CFC Ban To Take Effect Ahead of Schedule

*OW0706101095 Taipei CNA in English
0838 GMT 7 Jun 95*

[By Debbie Kuo]

[FBIS Transcribed Text] Taipei, June 7 (CNA) — An across-the-board ban on chlorofluorocarbons (CFCs) will take effect on Oct. 1 in Taiwan as part of the government's effort to support the Montreal Protocol, the Industrial Development Bureau said Wednesday.

CFCs are generally considered to have a detrimental effect on the Earth's ozone layer. Use of ozone-depleting chemicals was regulated and banned under the United Nations' Montreal Protocol of 1987.

Taiwan previously planned to curb the use of ozone-depleting first-category CFCs at the end of this year.

However, the ban has been moved ahead to Oct. 1. On that date bureau officials said, all CFCs will be prohibited from use in commercial and industrial products, including refrigerators, air conditioners, anti-freezes, fire extinguishers, and cleansing agents for electronic components. Products which contain CFCs will also be banned from import, the officials noted.

From then on, domestic manufacturers will use HCFCs (hydro-chlorofluorocarbons) and HFCs as substitutes for the polluting substance. Imports which contain similar products will be required to be labeled as CFC-free, they said.

The Montreal Protocol called for a freeze in the production and consumption of halocarbons (including CFCs

and halon) at the 1986 levels, as well as a phased reduction of CFCs to 50 percent of 1986 levels by 1998.

Although Taiwan is not a signatory to the Montreal Protocol, it is willingly and actively complying with the protocol's call for a phasing out of all ozone-depleting chemicals.

A total of 10,159 tons of first-category CFCs were used in Taiwan in 1986, according to bureau tallies. The amount was cut by 40 percent in 1993 to about 6,000 metric tons. By 1994, consumption was slashed to 25 percent of the 1986 level and will eventually be phased out later this year.

Czech Republic To Step Up Biotechnology Ties

*OW0706034495 Taipei CNA in English
0121 GMT 7 Jun 95*

[By C.L. Ou & Benjamin Yeh]

[FBIS Transcribed Text] Vienna, June 6 (CNA) — The Czech Republic hopes to be able to step up cooperation in aquatic farming and rice growing with Taiwan, which has extensive technological know-how in the two areas, a senior academic from the Republic of China [ROC] said Tuesday [6 June].

"The Czech Republic has displayed keen interest in the two sectors," said Wang Kuang-tsan, head of an 11-member Taiwan academic mission attending the first ROC-Czech biotechnology seminar, which began Monday in Prague and ends Wednesday.

"In fact, the Czech Republic maintains high standards in biotechnology — it's just that they are lacking in research-and-development funds," said Wang, concurrently a member of the Academia Sinica, Taiwan's highest-level academic agency.

The Taiwan group is hoping the seminar, the first face-to-face meeting of scientists from the two countries, will mark the inception of a regular gathering that will include a wider range of cooperative activities between the two sides.

The ROC mission is composed of members from National Taiwan University, National Tsing Hua University, the National Science Council, the National Taiwan Institute of Technology, and Academia Sinica.

Hong Kong

Beijing Warns on Setting Up Provident Fund

HK0706054195 Hong Kong HONGKONG STANDARD in English 7 Jun 95 p 4

[By Dominic Lau]

[FBIS Transcribed Text] A local Chinese official has warned that if the government sets up the Mandatory Provident Fund (MPF) without Beijing's consent, it will not be implemented after the 1997 turnover.

"China will not bear any responsibility for the MPF after 1997 if it is established unilaterally by the government," the leader of the Chinese team on the Joint Liaison Group (JLG), Chen Zuoer, was quoted as saying yesterday by the spokeswoman of the New Hong Kong Women's Association, Winnie Cheung Wai-sun. Ms Cheung and representatives of five other groups voiced their concerns about the MPF to the Chinese JLG team yesterday.

The government plans to have the bill to establish the fund passed in the current Legislative Council [Legco] session so the scheme will be in place in two years' time.

Ms Cheung also quoted Mr Chen as saying the Chinese team had notified the government it would not give its approval to the MPF before 9 June, when it is expected to be gazetted. Ms Cheung said the government needed to talk to China first before putting the bill to Legco. She quoted Mr Chen as saying that the government had not asked China for its opinions.

Ms Cheung said Beijing supported the establishment of a pension fund whether it be private or publicly-run. But it wanted to see more consultation with the public in Hong Kong. She quoted Mr Chen as saying: "The government always forces us to say yes or no but never consults us."

The other concerned groups were the Hong Kong Employers of Overseas Domestic Helpers Association, Federation for the Stability of Hong Kong, Hong Kong Chinese Reform Association, New Hong Kong Alliance and Hong Kong Chinese Women's Association.

Number of Retiring Civil Servants Raises Concern

HK0706045395 Hong Kong SOUTH CHINA MORNING POST in English 7 Jun 95 p 2

[By Fung Wai-Kong]

[FBIS Transcribed Text] More than 30 percent of senior civil servants will be entitled to early retirement by 1997, meaning they can leave at short notice, it emerged yesterday. A government paper before the Legislative

Council said this represented a 10 percent increase from the current 20 percent entitled to early retirement.

The Civil Service Branch said the number affected remained small and there was no cause for alarm. Out of 1,281 directorate officers, 20 had taken early retirement. They left the civil service in 1994-95. Figures for the previous three years were 11, 22 and nine. Publicity given to a small number of cases might have exaggerated the problem, the branch claimed.

There have been widespread concerns since Secretary for Recreation and Culture James So Yiu-cho and Deputy Commissioner of Police Peter So Lai-yin applied for early retirement this year.

The Government said a close watch was being kept on management-level staff. A large majority of directorate and senior professional staff planned to work through the transition unless something unexpected happened to undermine confidence. "But it is also clear that they are anxious for reassurance," the paper said. Police and other departments facing a possible exodus of senior staff would be able to cope, the paper said. The Government accepted that there would be a higher wastage rate among senior civil servants in the run up to 1997. "There is a sense of uncertainty in the civil service which is likely to produce a higher wastage rate over the next two years," he said.

According to figures provided, the wastage rate for directorate officers stood at 10.9 percent, or 140 officers, compared with the 7.4 percent a year ago and 10.4 percent in 1992/93.

Hong Kong To Host JLG Talks on Air Accord

OW0706085595 Beijing XINHUA in English 0802 GMT 7 Jun 95

[FBIS Transcribed Text] Hong Kong, June 7 (XINHUA) — Expert talks between the Chinese and British sides of the Sino-British Joint Liaison Group (JLG) on the Hong Kong Air Service Agreements (ASAS) will be held here on June 9, according to the Chinese side of the JLG.

The Chinese experts will be led by Wang Weiyang, representative of the Chinese team on the JLG, while the British experts will be headed by Alan Paul, British representative to the JLG.

TA KUNG PAO Chief Urges Press Reform

HK0706025295 Hong Kong AFP in English 0955 GMT 6 Jun 95

[By Robert MacPherson]

[FBIS Transcribed Text] Hong Kong, June 6 (AFP) — China needs to reform its communist-run press, but it

alone can decide what changes have to be made, one of the most influential pro-Beijing journalists in Hong Kong said Tuesday.

"I would say that, perhaps, with the economy and the politics (changing), that in the field of journalistic work, there is also the need for reform and to move forward," Tsang Tak-sing, chief editor of TA KUNG PAO, said. "I think there are good journalists ... who are making efforts to implement them," added Tsang, whose newspaper is one of four dailies in Hong Kong closely allied to Beijing.

When asked if he ever discussed the need for press reform with his high-level contacts in Beijing, Tsang replied that China's news media still ran on principles much different from those in Hong Kong. "I may make suggestions and give examples of how the press works in Hong Kong and in other parts of the world, but it is a different system in mainland China and it is something for them to decide," he said.

In a luncheon speech earlier to US businessmen, he acknowledged widespread fears about press freedom in Hong Kong after the British colony's July 1997 hand-back to China. But Tsang, who also sits on China's parliament, the National People's Congress, was confident the Chinese authorities would keep their hands off Hong Kong's news media. "There are worries here," Tsang said, "but the thing is really to understand this concept of 'one country, two systems'." That concept, credited to paramount leader Deng Xiaoping, holds that Hong Kong will be able to keep its capitalist system for 50 years after the July 1997 transition.

With more than 70 daily newspapers and a bevy of magazines, Hong Kong has one of the least fettered news media in Asia, but many journalists are worried that may end after 1997. The Hong Kong Journalists Association warns of the danger of self-censorship by reporters and editors who fear upsetting Beijing.

"I look forward to greater freedom for Hong Kong after the closing chapter of colonialism here," said Tsang, who was jailed for two years by the British authorities as a student in the 1960s for printing pro-China handbills.

Tsang's speech on Tuesday, and his off-the-cuff chat afterwards with the reporters who covered it, was in stark contrast to the aloofness of senior Chinese cadres responsible for Hong Kong. Last month China's seniormost official for the colony, Lu Ping, paid a week-long visit without ever speaking to reporters.

Hong Kong Lawyers Made Notaries for Mainland OW0606142395 Beijing XINHUA in English 1343 GMT 6 Jun 95

[FBIS Transcribed Text] Beijing, June 6 (XINHUA) — China's Ministry of Justice entrusted 64 Hong Kong lawyers as contracted notaries public here today, bringing the total number to 149.

They were appointed from among 209 applicants following strict training and tests, according to officials with the ministry.

In the 1980s China began to authorize Hong Kong lawyers to deal with notarization of economic and civil affairs for Hong Kong residents and corporate legal persons coming to the mainland.

In 1994 contracted notaries public issued nearly 80,000 notarization documents to the mainland, including 60 percent of economic notarization and 40 percent civil notarization.

Xiao Yang, Minister of Justice, said at today's ceremony that the contracted notarization system is effective in cutting both the cost and time of notarization on both the Chinese and British sides.

The minister said the system can produce genuine and legitimate notarization documents, thus helping to promote the exchanges between Hong Kong and the mainland with regard to civil and economic affairs, as well as trade and investment information.

He said China will improve the contracted notarization system and will authorize more Hong Kong lawyers as contracted notaries public.

Miriam Lau Kin Yee, a female lawyer from Hong Kong, said on behalf of the new contracted notaries public that they will do their best to provide qualified documents, so as to ensure the common prosperity of Hong Kong and the mainland, and the smooth transition of Hong Kong around 1997.

After the ceremony, Vice-Premier and Foreign Minister Qian Qichen and State Councillor Luo Gan met some of the newly appointed contracted notaries.

Qian Meets Mainland Notaries OW0606145295 Beijing XINHUA in English 1437 GMT 6 Jun 95

[FBIS Transcribed Text] Beijing, June 6 (XINHUA) — Chinese Vice Premier and Foreign Minister Qian Qichen met with a group of mainland appointed notaries public from Hong Kong, including the 64 newly appointed ones, at the Great Hall of the People here today.

Qian described the work of the entrusting notaries public as being "very important."

After July 1, 1997, relations between the mainland and Hong Kong become those of "one country, two systems", and the appointment of notaries public from Hong Kong will continue as before, Qian said.

If done well, it can facilitate the growth of ties between Hong Kong and the mainland, and benefit exchanges between people in the two places and the unification, development, and strengthening of the motherland, Qian said.

In 1981, the Chinese Ministry of Justice began to authorize the use of Hong Kong lawyers to handle attesting affairs for Hong Kong residents who come to the mainland for legal matters, according to sources of the ministry.

By the end of 1994, 88 Hong Kong lawyers had been entrusted as contracted notaries public, and matters of attestation have been expanded to providing legal services for Hong Kong companies and social organizations coming to the mainland.

This morning, Chinese Minister of Justice Xiao Yang handed certificates of appointment to the fifth group, about new and old Chinese-appointed attesting officers, at the Great Hall of the People.

***CPC Leadership Plan for Hong Kong Zone Viewed**

*95CM0253A Hong Kong CHENG MING /CONTENDING] in Chinese 1 Mar 95
No 209, pp 22-23*

[Article by Fan Chun (5400 0689): "Central Committee Assigns Ratios for Hong Kong Administration Team"]

[FBIS Translated Text] How many of the following 10 people are well known to the people of Hong Kong: Qian Qichen [6929 0366 3819], Ye Xuanping [0673 6693 1627], Lu Ping [7627 1627], Zhou Nan [0719 0589], Wang Hanbin [3769 3352 2430], Xu Huizi [1776 1920 3320], Lei Mingqiu [7191 7686 3808], Ma Yuzhen [7456 3022 4176], Jiang Enzhu [1203 1869 2691] and Qiu Qing [6726 2532]?

This is no idle question. On 10 February, Chinese Premier Li Peng announced an important decision at a meeting of state council ministries and commissions, namely that the Central Committee had approved establishment of a "Hong Kong retrocession and sovereignty transfer work leadership team" comprised of the above 10 people. This means that these 10 people will be the direct enforcers of Chinese Communist policy in Hong

Kong. The leadership team is headed by Qian Qichen. Ye Xuanping is an adviser.

This name list disclosed some unexpected information. Of these 10 people, Qian Qichen, Lu Ping, Zhou Nan, Ma Yuzhen, and Jiang Enzhu have abundant experience in dealing with the United Kingdom. This means that despite the Chinese Communists' glib talk about "us being in charge," and "the outcome is a foregone conclusion," how to clean up outstanding problems remaining from British rule of Hong Kong is really a matter about which they are at pains.

In Beijing's eyes, "turmoil" is the worst thing that can happen in the retrocession process. It is for this reason that the Chinese Communists have adopted a firm policy of "better to lean to the left rather than to the right", completely shutting out democratic forces and tolerating preparatory committee member statements about removal from position. Not only has this delivered a strong blow to the confidence of the people of Hong Kong, but it has also aroused a considerable degree of tumult and dissatisfaction within the pro-communist camp as well. Some "staunch and orthodox patriots" feel that despite their decades-long primary loyalty to Beijing, their position today falls far short of that of the "opportunist patriots." Naturally, they are indignant. The latter have correctly assessed the Chinese Communists' temperament. They are past masters at shameless flattery, and because the objective situation requires it, Beijing also assigns an important status to these obsequious ministers. This has brought to white heat the force of the pro-communist camp fight for power and advantage in the forthcoming election for the Hong Kong Special Zone executive and key groups. When it makes use of certain people, Beijing either openly or secretly "makes promises." At the present "critical" time, lured by the desire for power, open fights, and secret battles, in-fighting, and even mutual exposés are becoming increasingly intense.

Reportedly, some National People's Congress [NPC] delegates and Chinese People's Political Consultative Congress [CPPCC] members from the Hong Kong zone recently expressed strong displeasure about the special zone preparatory committee team, the special zone government executive election, and the election of special zone government key teams. They demanded establishment of a "government that can reflect the end to colonial rule of Hong Kong and the establishment of a government in which the Chinese people manage their own affairs," and one that "fully reflects the deserved status of patriots in the nucleus of government." "If old ministers of the Hong Kong British government occupy key positions in the special zone government, patriots will be dejected. This will deliver a blow to the cohesion

of patriots and undermine the organization of patriotic forces."

These dissatisfactions and discontents aroused high-level Chinese Communist concern. Beijing has no assurance of a "smooth transition" after all, on top of internecine strife. One might say Communist China is beset with multiple difficulties which directly impair its arrangements for taking over Hong Kong. Thus, pacifying and allaying internal conflicts within the Hong Kong pro-communist camp has become a priority task.

On the eve of the Lunar New Year, Qian Qichen, Wang Hanbin, Lu Ping, and Xu Huizi held a special meeting with some people from the Hong Kong zone NPC and CPPCC. Reportedly, this meeting was conducted with the blessing of Jiang Zemin, Li Peng, and Qiao Shi. Qian Qichen made some calming statements. He said that the Hong Kong zone NPC and CPPCC should coordinate internally, have a rather long-range view, and be broad minded. The country and the people would not forget the contributions of patriotic people during the era of colonial rule, but Hong Kong is, after all, a society existing under special conditions in which workers, businessmen, and financiers predominate. This requires that Hong Kong practice a system different from that of mainland China.

Qian Qichen made some comforting remarks aimed at their sense of grievance. He said many tasks need your efforts for fulfillment. You must unite over a broad spectrum. He also noted the "gravity" of the situation in Hong Kong and asked that each person be completely responsible: Given the UK's current strategy toward China, elements for instability may occur during the final transitional state, i.e., early 1997, during the period of turnover of sovereignty, and during the early period of establishment of the special zone government. Troubles may occur including political disturbances. The central government has made all preparations, including preparations for the sudden occurrence of political disturbances, riots, and disturbances caused by outside collusion with anti-Chinese forces. The central government is firm about this. It positively will not tolerate them or allow them to worsen and develop.

Next, Lu Ping made some additional comments. He said that we must all unite, except for ultra-rightists who are against everything Chinese, and the hostile forces and the backbone cadres of the Chih Lien Hui [2388 5114 2585] [the Hong Kong Alliance in Support of the Patriotic & Democratic Movement] who collude with foreign political powers to oppose China, insist on opposing the basic law, preach a high degree of self-

determination, continue to carry out subversion even to this day, and foment activities. We must unite to make a joint contribution to Hong Kong's peaceful transition, to the transfer of sovereignty, to the normal governing of Hong Kong following the founding of the special zone, and to the maintenance of the prosperity and development of Hong Kong's economy, finance and banking, industry and commerce, and transportation.

Will the pro-communist camp eliminate its sore points as a result of this meeting to "make a joint contribution?" The situation does not look optimistic. Some who know the situation well say that in Hong Kong today, everyone is vying with everyone else. Even though some people who are ordinarily inconspicuous head a delegation to Beijing, they are all received at the highest level. So what does the meeting that Jiang Zemin et al. blessed amount to?

In a situation in which "you can't please everybody," the Hong Kong-Macao Office has set the "ratios for each level in the Special Zone government leadership" as follows:

traditional leftists (including the NPC and the CPPCC) have 20 percent;

industry, trade, finance and banking have 5 percent;

special groups (including the grass roots and various organizations) have 3 percent.

Reportedly these ratios were worked out through painstaking study, and they fully express the special character of Hong Kong.

In addition, whether Hong Kong Xinhua Director Zhou Nan will go or stay is always an issue. Several years ago, news of Zhou Nan's transfer circulated virtually all the time only to be proven wrong time after time. In recent years, the matter has not been raised. Zhou Nan is still a member of the leadership team for the transfer of sovereignty, so when will his term of office expire?

Not long ago in a meeting with the deputy chairman of the Hong Kong and Macao CPPCC and Hong Kong and Macao members of the NPC Standing Committee, Li Ruihuan [2621 3843 3883], disclosed an "organizational secret," namely that the central committee has already arranged that following the founding of the Special Zone on 1 July 1997, Zhou Nan will continue to work in Hong Kong for a time. He will become either the central government representative in Hong Kong or will be appointed Hong Kong representative of the NPC Standing Committee.

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Clearly, when Beijing arranges personnel matters, it makes sure to avoid any slight move that might upset the whole situation. Actually, Zhou Nan's record is obvious to all, and he has aroused considerable reproach in the pro-communist camp. However, the possibility that the transfer out of Hong Kong of the supreme person in charge might upset the balance of all forces is a matter

that Beijing wants to handle carefully. Issuance of a "promissory note" about Zhou Nan's official position after 1997 actually amounts to warning all forces in Hong Kong that everything in Hong Kong must be done according to the CPC committee plans. No one can act as he pleases.

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